

SME WEEKLY NEWS

(17 September 2018 – 23 September 2018)

Countries	Highlights
<p>MALAYSIA</p> <p>SMEs upset with levy hike on temporary work permit</p>	<p>SMEs say the increase in levy for the extension of temporary foreign worker permit (PLKS) is an added burden. The founding president and immediate past president of SME Association of Malaysia, Teh Kee Sin, said the timing of the increase was not right, given that SMEs were already operating in a difficult business environment. He was commenting on the government's move to increase the annual PLKS levy of RM1,850 to RM10,000 a year for those extending it for the next three years. MOHR previously announced the extension for PLKS holders would begin on Oct 1 but only for up to three years and the passes have to be renewed every year. The rule only applies to foreign workers in formal sectors such as manufacturing, construction, plantation, services, agriculture, mining and quarries. SMEs also had to wait for months before their applications for new foreign workers were approved, adding that the waiting periods disrupted operations.</p> <p>However, another business group here lauds any move to reduce foreign labour in the country. President of Johor Indian Business Association, P. Sivakumar said the move should be ongoing as foreign workers were depriving locals of job opportunities as some employers preferred to hire foreigners. He said the government should continue to give tax reliefs and incentives to local manufacturers to invest in automation in their operations. The move could result in better-paying jobs for locals, eventually reducing the outflow of billions of ringgit to migrant workers' countries.</p> <p style="text-align: right;"><i>(Source: The Star, 17 September 2018)</i></p>
<p>BRUNEI</p> <p>Bruneihalalfoods to launch 60 local products by year's end</p>	<p>State-owned Ghanim International Corporation will be collaborating with 12 SMEs to produce 60 products for local and foreign markets under their bruneihalalfoods brand by the end of 2018. CEO of Ghanim, Dr. Nur Rahman said that their international networks and ability to market products under a single brand would enable SMEs to penetrate overseas markets quicker. Through partnering with bruneihalalfoods, SMEs can focus on production and product development while Ghanim focuses on marketing and supplying their products. Increased consumption of locally sourced and processed food brands would reduce reliance on imports and develop Brunei's SMEs, readying them for exporting and ultimately increase their contribution towards the Brunei GDP. The new local products to be launched under bruneihalalfoods include frozen pizza, canned chicken, beef and fish as well as more types of frozen chicken. The main challenge in exporting F&B products from Brunei SMEs is the ability to consistently produce sizeable volume from industrial facilities that are certified to international standards, which include Good Mfg. Practice (GMP) and Hazard Analysis & Critical Control Points (HACCP).</p> <p style="text-align: right;"><i>(Source: Biz Brunei, 19 September 2018)</i></p>
<p>THAILAND</p> <p>2 bankruptcy laws being amended</p>	<p>Thailand is in the process of amending two key insolvency laws i.e. the first law is related to private receivers, while the other is on international bankruptcy cases. Over the past four years, Thailand has amended three insolvency laws and they are more in line with international principles now. In the insolvency context, receivers are persons who hold the property of others, including tangible and intangible assets and rights – especially in cases where a company cannot meet financial obligations or are bankrupt. Wisit Wisitsora-at, Permanent Secretary at Justice Ministry, said insolvency laws should be constantly updated to best respond to changing economic and social situations. The law on SME insolvency allows a creditor to file a complaint with the relevant court first and then negotiate with debtors under court supervision. Director General of Legal Execution Department, Ruenvadee Suwanmongkol said that under this law, SMEs could also now undergo business rehabilitation and send and receive notices electronically.</p> <p style="text-align: right;"><i>(Source: The Nation, 18 September 2018)</i></p>

MYANMAR

Loan scheme hinders SME growth

The availability of loan is one of the major challenges for development of SMEs in Mandalay region. Head of Mandalay Region SME Department said that the major challenges of SMEs in Mandalay are capital, technology, market penetration, access to information and infrastructural development. Secretary of Mandalay Industrial Zone Management Committee, Maung Oo said that SMEs who do not own land have to put up their machinery as collateral to take up loans, with loan repayment period up to three years. Entrepreneurs have to invest 80% of loan amounts in machinery and operate their businesses with the rest. Entrepreneurs face difficulties as they have to repay loans. So, the government needs to reform the interest rates agreeable to both sides and it should be the long term scheme. Most of SMEs don't get loans from banks as they are weak in submitting their business plans systematically. From 2014 to 2018, only 45 out of 841 SMEs recommended by the SMEs Department got loans. SMEs want the government to change the loan repayment period to five or seven years.

(Source: Eleven Myanmar, 17 September 2018)

SWEET VENTURE

Queenie Teng and Teng Wei Tzyy are following in the footsteps of their father. Building on what their father started, Queenie and Wei Tzyy are bringing Harriston – previously better known as Cocoa Boutique – closer to becoming an internationally-known chocolate emporium in Malaysia.

But it wasn't always so sweet. Queenie recalls that her father, Teng Sze Choong, had little to no support when he decided to open his first Cocoa Boutique retail store in early 2005. "He knew there were tremendous opportunities in Malaysia's tourism industry. At that time, no one supported him. Especially with the hot weather in Malaysia, people laughed and asked why he would want to make chocolates, but he went ahead with that passion anyway," she shares.



He started looking into chocolate recipes which incorporated local ingredients such as durian and tongkat ali to share locally grown produce with tourists. Its signature durian chocolate remains a bestseller to this day. Harriston's five shops receive about 2,500 tourists a day. "To date, about 8 million tourists from eight countries have come to our stores," she says.

Queenie took on the marketing role at Harriston in 2008. But it was a clash of old and new approach to doing business. Their father was used to the traditional way of doing business - passively waiting for foot traffic to fill his stores - and has grown well with the model. Queenie, on

the other hand, had ideas for new packaging, branding and the works. "It took some time for us to adapt to his way of doing business and for him to accept our suggestions," notes Queenie.

As Harriston grew, the family looked into the possibility of setting up their own manufacturing facility. "Previously, we outsourced the manufacturing of our chocolates. We couldn't control the quality and the consistency of quality of the products," says Wei Tzyy. "We are building in a lot of machinery to control the consistency of quality and add in more SKUs (stock keeping unit). We also want to add in more local flavours to our chocolates," shares Wei Tzyy who is currently the company's CEO.

Having built a presence in the tourism market, Queenie and Wei Tzyy are now turning their attention to the local market. There is a general impression that Western-made chocolates are better. "When we have blind tasting, a lot of the locals would actually choose our products. Many of the other chocolate products in Asia are actually made in Malaysia. So we want to educate the industry that we can produce good chocolate here. We have the expertise in the local market.

Harriston is also open to collaborations with other organisations to produce unique local products. For example, it is working closely with MARDI to incorporate more local products like the Bentong ginger into its chocolates. More tie-ups like this could literally spell endless potential for Harriston as it also explores other non-edible chocolate-based products such as soap bars and beauty products.

In serving the tourists market, Harriston is eyeing the South-East Asian market and later, the Asia Pacific market. It has also received keen interest from the Middle East. The group is currently enjoying steady growth of 10% a year. And with a staff strength of about 200 people, the sisters are looking forward to take the company places.

"We won't walk away from our core tourists business. But we are looking into diversifying our markets. We plan to have presence in every state where we can get close to Malaysians. That's the quickest way to promote local products. But it will take time," says Wei Tzyy.

(Source: The Star, 17 September 2018)