

# SME WEEKLY NEWS

(16 July 2018 – 20 July 2018)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>Local small businesses trail behind in international trade</b></p>	<p>According to research by Association of Chartered Certified Accountants (ACCA), almost one-third (29%) of Malaysian small businesses are not participating in relevant international trade activities as they fall behind the global average in participation. Among the obstacles that lower small businesses' participation in international trade are foreign regulation, competition and foreign exchange. Based on the report, 43% of Malaysian respondents supported a reduction in domestic regulation and licensing requirements as a way to enable more small businesses to participate in international trade. Malaysia has made good strides in boosting its cross-border e-commerce activities, with the launch of its Digital Free Trade Zone. As a leading member of ASEAN Economic Community, SMEs in Malaysia are hopeful of ASEAN governments eliminating trade barriers to enable freer trade among countries. Some recommendations the report has stated for small businesses are to embrace cloud technologies, develop the finance function scalability, create a business strategy with global objectives and identify where external advice can support internationalisation.</p> <p style="text-align: right;"><i>(Source: The Malaysian Reserve, 18 July 2018)</i></p>
<p><b>THAILAND</b></p> <p><b>True Incube tags 6 partners for Thai SME ramp-up</b></p>	<p>True Incube, Thailand's leading tech startup incubator and accelerator under True Corporation, has teamed up with six domestic and international partners to strengthen local startups. The six venture capital firms are Alibaba Group's Ant Financial from China; Huawei; Techsauce; Thai Airways International Plc; Google Asia-Pacific and True Digital Park. The collaboration aims to make Thai startups more competitive in the global market. Participating startups also have the opportunity to partner with startups in other countries and join True's various collaborative projects. Google Asia-Pacific and Thai startups will benefit from knowledge-sharing, while Techsauce will provide an online community for Thai startups to reach out globally via its strong media platform. True Digital Park provides a physical community and convenient place to do business as it is fully equipped with an integrated telecommunications system and smart solutions for smart living such as the True Digital Park application, an entry and exit system, online reservations for meeting rooms, robotics, and IoT solutions such as smart parking and metering.</p> <p style="text-align: right;"><i>(Source: Bangkok Post, 20 July 2018)</i></p>
<p><b>SINGAPORE</b></p> <p><b>Singapore manufacturers show most improvement in bill payment: study</b></p>	<p>Based on DP Info Group's analysis of the 'Days Turned Cash' national average, which is a measure of how quickly SMEs pay their debts, manufacturing sector has shown the most improvement when it comes to payment behaviour in the last three years. The sector has slashed 14 days off the average time a company takes to pay a debt – from 42 days in Q2 2016 to 28 days in Q2 2018. Rep from DP Info said that sustained growth has led to better cash flow and creditworthiness among manufacturers. With more cash in the bank, they are settling their debts faster, which also bodes well for their suppliers. In contrast, the average time taken for a retail company to pay up has increased, from 14 days in Q2 2016 to 36 days in Q2 2018. The sector struggles with rising manpower cost, rental cost and the growth of online shopping which led to thinning margins and cash flow pressure. This explains why retailers are increasingly slower in paying back the money they owe. Two other sectors that have shown improvement in payment behavior are information &amp; communication sector (debt paid 13 days faster) and services sector (debt paid 12 days faster).</p> <p style="text-align: right;"><i>(Source: Business Times, 17 July 2018)</i></p>

**MYANMAR**

**Chamber backs SMEs to embrace digital technology**

The Union of Myanmar Federation of Chamber of Commerce and Industry is encouraging SMEs to pursue digital competency to ensure their long-term survival. Aye Tun, Vice President of the Chamber's SMEs Committee and Vice President of Myanmar Industries Association, said technology could ensure SMEs of success as they seek to expand in the digital era. Creating opportunities, improving access to financing, broadening capacity and exploiting technical knowhow can move the SMEs forward. Aye Tun wants to see an enabling environment to sustain small-scale businesses owned by Myanmar nationals. The government needs to ensure sustainable local manufacturing and to encourage foreign businesses to enter joint ventures with locals and combat illicit trade that can hamper domestic manufacturing. It would be hard for Myanmar goods to penetrate other markets in the region due to various restrictions, and yet goods made in other countries are easily imported into Myanmar. He urged the authorities to strike a balance between generating more revenue from trade and protecting the interest of local businesses.

*(Source: Eleven Myanmar, 16 July 2018)*

## A DIFFERENT KIND OF BAG

PLASTIC bag manufacturing used to be the in thing in the late 1980s into the 90s. But now, plastic bags have fallen out of vogue as consumers become more concerned about their impact on the environment. This would inevitably affect plastic bag manufacturers, particularly smaller players like Velson Packagings Sdn Bhd. Consequently, the founder and director of Velson, Datuk T. R. Vijayasagren took it in his stride to change his products and his mindset on the environment.

Vijayasagren learned to make plastic bags after completing a course in Singapore in mid-1980s. "I was young. I wanted to take chances in my life," he reminisces. He founded Velson in 1989 and started producing samples for suppliers. "Of course, nobody trusts you when you are small. You have to show them and get them to be confident in you," he says.

From transparent plastic bags for breads, he then moved to produce curry powder bags and shopping bags. Although he struggled to be noticed in the beginning, things got easier once he was able to obtain bank loans to fund his operations. The company managed to score big retail clients such as Mydin, Kamdar and Globe Silk Store.



However, Velson's business took a downturn when more states in Malaysia joined the crusade against plastic bags. With its market shrinking, Velson started looking into the viability of producing compostable bags. These bags are made from corn and starch and can decompose into soil as fertiliser within a short period.

One of the challenges in producing these bags, is the higher cost of raw materials as they need to be imported. Also, one of Velson's biggest obstacles is the reluctance of retailers to spend more on environmentally-friendly products. He observes that many smaller, local companies are more receptive of its compostable bags compared to large-scale retailers. But he is determined to change retailers and consumers understanding on the impact of using plastic bags to the environment.

Currently, Velson produces about 100 tonnes of bags monthly, with 20% of that are compostable bags. The rest of his capacity are still plastic bags. Vijayasagren hopes to phase out his production of plastic bags completely in five years' times. Naturally, if demand picks up for its compostable bags, Vijayasagren expects profitability to return. Velson currently makes an average revenue of RM12mil a year.

Vijayasagren's wife, Datin Dr. Shujahtha Rajoo, is optimistic that more and more people will embrace a greener lifestyle, particularly among the younger generation. In fact, many supermarkets around the world have started charging customers for plastic bags, and are promoting reusable bags and free recycling services to cut down on waste and reduce single-use plastics. More than 40 countries have banned, partly banned or taxed single-use plastic bags, including parts of Malaysia and India, China, France, Rwanda, Italy and Kenya.

"If policy changes, we are more than happy to change 100% of our production," she says. For now, Vijayasagren is certainly satisfied with his new product and enquiries have been coming in from countries like the US, the Middle East, Hong Kong, Australia and India. This could be a platform for the company to look at the export market in a bigger way.

*(Source: The Star, 16 July 2018)*