

# SME WEEKLY NEWS

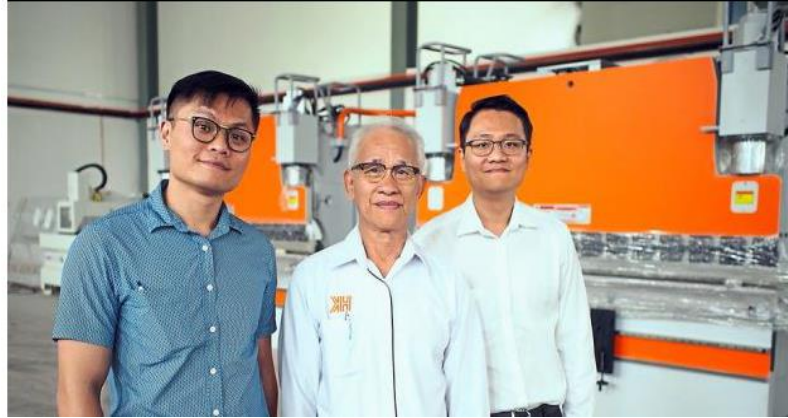
(11 July 2016 – 15 July 2016)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>GST increased SME operation costs: ACCCIM</b></p>	<p>The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) claims that the GST has increased costs for small businesses. This is according to its 2016 SME taxation survey report, which found that majority SMEs recorded increased financial costs one year after GST implementation. Meanwhile, 58% of respondents reported cash flow problems due to GST. One challenge highlighted in the survey was SMEs' lack of awareness regarding updates on GST-related information from the Royal Customs and Excise Department. The survey also showed that 79% of SMEs had their applications for the special sales tax refund rejected, without knowing the reasons. Amongst 210 respondents who are facing delays in claiming their input tax, 36% said they were not informed of any reason nor received any reply to their queries to the department.</p> <p style="text-align: right;"><i>(Source: Malaysia Kini, 14 July 2016)</i></p>
<p><b>SINGAPORE</b></p> <p><b>Helping SMEs adapt with robots</b></p>	<p>Economic Development Board (EDB) encourages the smaller firms to adopt robotic applications. One initiative under way is at the ABB Regional Robotics Packaging Application Hub in Singapore where ABB is working with SMEs in the food-production sector on their packaging processes, which are becoming increasingly automated to raise productivity and competitiveness. Assistant Managing Director of EDB, Lim Kok Kiang points out that the growth of robotics also opens up an opportunity for local technology players to get in on the action, to see if they can develop solutions that will benefit the SMEs. Apart from these initiatives, the EDB has schemes to encourage collaboration between SMEs and the big boys. Administered by EDB and Spring Singapore, an ongoing supplier development initiative supports SMEs to attain the quality standards to allow them to qualify as suppliers to large local firms and multinationals.</p> <p style="text-align: right;"><i>(Source: The Straits Times, 17 July 2016)</i></p>
<p><b>THAILAND</b></p> <p><b>KTB to offer soft loans to SMEs</b></p>	<p>Krungthai Bank (KTB) will offer 5 billion baht worth of soft loans with low interest rates to SMEs with annual turnover below 500 million baht next. The bank would offer two packages of soft loans. The first carries an interest rate of 3.75% and the second an interest rate of 3.9% for the first year. To qualify for the first package, SMEs are required to have collateral worth 30% of the credit line of up to 55 million baht. For the second package, no collateral is required but the credit line is limited to 40 million baht. KTB wants to focus more on medium-sized enterprises with annual revenue not more than 500 million baht, and the attractive interest rate will help them reduce costs in order to compete with large enterprises.</p> <p style="text-align: right;"><i>(Source: The Nation, 11 July 2016)</i></p>

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<p style="text-align: center;"><b>INDONESIA</b></p> <p><b>Indonesia targets South Korea with coffee, bread</b></p>	<p>Indonesia is expanding trade opportunities in South Korea as the government plans to open a coffee shop in Seoul in the next few months. Space for the shop itself is provided by the Korean government. The shop will allow the Indonesian government to feature products of Indonesian SMEs. Indonesian bakers also stand a chance to expand to Korea, with an intensive bakery workshop provided by the Korean government. The workshop is a follow-up to a partnership agreement on SMEs signed last month. Wayan Dipta, the ministry's assistant for SME studies, said the collaboration in coffee and bread could be the start of a long-term partnership between Indonesia and South Korea. The ministry would form a joint committee comprising representatives of relevant ministries from both countries to identify potential SME products to be promoted further in the future.</p> <p style="text-align: right;"><i>(Source: The Jakarta Post, 16 July 2016)</i></p>
<p style="text-align: center;"><b>PHILIPPINES</b></p> <p><b>DTI to give startups a boost to become small enterprises</b></p>	<p>Startups can now have the needed boost to launch their business ideas to become real SMEs through the Department of Trade and Industry's Launchpad program. Provincial Director of the Department of Trade and Industry (DTI), Maria Elena Arbon said the Launchpad program is a six-month mentorship program to help these startups to become full-fledged enterprises in the future. Arbon said that startups would need mentorship more than funding, as funding would come once these businesses would gain traction and would have already attracted a market. Senator Aquino stated that While startups can be considered already a part of the SME world, they have different needs. The difference between startups and traditional SMEs is the startups' ability to scale at a faster rate while needing less capital to do so. Once a better space for startups to thrive is created, more investments will pour into the country.</p> <p style="text-align: right;"><i>(Source: Cebu Daily, 14 July 2016)</i></p>

## LIKE A WELL-OILED MACHINE

Hasil Karya started from zero, literally, as the entrepreneur, Tee Ah Ling didn't even have a product in hand to sell when he started in 1983. Without having any of the machinery he intended to sell, Tee was still able to get orders and deposits from entrepreneurs. Orders secured, he would then import the machines, mainly from Taiwan.



Just two years into the business, the country was hit by a commodity crisis in 1985. This obviously affected business as sales slowed. He figured out that there was a demand for cocoa, as well as a problem many planters faced: drying the cocoa after harvesting, especially during monsoon season. So, he immediately began to look for machines that would be able to dry freshly harvested cocoa and sold them to plantations owners and government agencies in the agricultural sector.

Then in 1988, the price of cocoa fell, so does the demand for the machines. Instead of holding back during this challenging period, he expanded his business by renting a warehouse to stock up on more varieties of machines, rather than relying on other suppliers. The Asian financial crisis in 1997 was even difficult for him. Sales dropped by over 90% and Tee went into debt. Managed to negotiate a longer repayment term and obtained some discounts, Tee was able to survive until 1999 when the economy began to stabilise. "Change is a universal law in business. That is why during good times, one should realise that they will not last forever. Similarly, when one goes through difficulties, it's not the end either," he says.

As the nation looks towards becoming a high-income nation, Tee was attuned to the fact that reducing labour and increasing productivity was the priority of the day. "We now carry more advanced machines that rely less on labour known as Computerised Numerical Control (CNC) systems," Tee explains. Their usual cottage industries clients have also grown, with many of them becoming original equipment manufacturers (OEM) who have partners or clients that are multinational companies. These clients usually demand higher productivity and products with more precise manufacturing processes.

Today, the company has more than 40 workers and imports over 100 types of machines from various countries, including Japan, South Korea, Italy and China. Hasil Karya caters to various industries, ranging from aerospace to agriculture. Tee says, they are preparing their next warehouse, which will have an exhibition area, as Tee feels technology evolves very quickly and his clients would benefit from learning about the latest manufacturing technology in the market.

*(Source: The Star, 11 July 2016)*

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