SME WEEKLY NEWS

(20 June 2016 – 24 June 2016)

Countries	Highlights
MALAYSIA **Government committed to help SMEs grow with RM7.34b allocation**	The government is committed to develop SMEs with an allocation of RM7.34 billion to implement 152 SME programmes this year. The government is also committed to ensure that the implementation of High Impact Programmes (HIPs) under the SME Masterplan 2012-2020 would be implemented smoothly. The Prime Minister has outlined two approaches i.e. to increase labour productivity and inclusivity, in order to improve the position of SMEs in particular and the country in general. Also, a survey in the first quarter of 2016 by SME Corp. showed that the SME businesses were still resilient, helped by the demand from the private sector and the tourism activities. The use of information and communications technology (ICT) by SMEs has also increased to about 90% compared with 27% recorded in 2010. *(Source: The Malay Mail Online, 23 June 2016)*
MALAYSIA **Johor Petroleum eyes North East Asia investors for Pengerang project**	Johor Petroleum Development Corporation Bhd (JPDC) is focusing on investors from China, Japan and South Korea to invest in petrochemical-related industries in the Pengerang Integrated Petroleum Complex (PIPC). The PIPC project is expected to be operational in 2019. JPDC signed a memorandum of understanding (MoUs) with four agencies, which would provide financial assistance to the SMEs to participate in this project. Chief Executive of JPDC, Mohd Yazid said the MoUs were aimed at providing financing facilities to the small bumiputera entrepreneurs to help them start a business or as additional capital to expand their respective businesses. The four agencies involved in the MOUs were the Federal Government's Bumiputera Agenda Steering Unit (Teraju), SME Corporation Malaysia, Credit Guarantee Corp Malaysia Berhad (CGC) and SME Bank Berhad. *(Source: The Sun Daily, 24 June 2016)*
SINGAPORE **Going overseas key for Singapore firms as domestic growth will be lower for longer**	Minister for Trade & Industry Singapore, Lim Hng Kiang cited that long period of low economic growth and low commodity prices are becoming the reality of Singapore economy. Thus, companies need to venture into new and diverse markets and expand their international footprint. Collaboration with trade associations and chambers is important especially for SMEs as they are often lack resources. Thus, they may form consortiums and create scale to make going overseas easier or piggyback on larger Singapore corporates to go overseas. Based on Singapore Business Federation, Southeast Asian markets particularly Malaysia and Indonesia, remain the most popular choices for SMEs due to familiarity, while Myanmar and Cambodia are also attracting increasing business interest. However, risks to internationalisation is still there and SMEs often cite that the top challenge to internationalise is the difficulty of navigating an unfamiliar business and bureaucratic environment. *(Source: Straits Times, 23 Jun 2016)*

INDONESIA **SMEs to get third-party support to tap digital potential**	With over 50 million active SMEs in Indonesia, the government tries to connect these SMEs with potential customers through an e-commerce platform. The government has teamed up with online SME promotion service, Nurbaya Initiatives to explore new ways to encouraging SMEs to tap into the digital era's potential. Nurbaya is targeting to bring 2 million SMEs online within the next two years with support from state-owned postal company, PT Pos Indonesia. The partnership will help SMEs strengthen its online presence to boost transactions, with Nurbaya providing technical support to set up online stores and Pos Indonesia in charge of logistics. A participating SME will be paired with a facilitator to provide advice on online promotion strategy, including the setup of online stores and payment platform. A relationship manager will also be assigned to manage every online shop, allowing clients to focus on production. CEO and cofounder of Nurbaya, Andy Sjari expects each client to make an average revenue of Rp 90 million per three months. *(Source: The Jakarta Post, 23 June 2016)*
THAILAND **SCB sees hurdle to loan goal**	Siam Commercial Bank (SCB) has acknowledged that the goal to drive its small business loans to one-third of total SME lending by 2020 is challenging in the face of lacklustre economic growth. SCB targets new loans to small and medium-sized enterprises of 80 billion to 100 billion bath for this year. Another challenge for small businesses is the National E-payment programme. Small businesses are not familiar with having electronic data capture (EDC) terminals to accept credit and debit cards. Thus, SCB is educating them on the importance of having such devices and expand EDCs that accept debit cards. The bank plans to distribute about 100,000-200,000 EDC devices for debit cards to small businesses. The cost of EDCs for debit cards is lower than for credit cards, thus will be easier to encourage these businesses to install them. *(Source: The Nation, 21 June 2016)*

GREEN AND PROFITABLE

Teh started Nets Printwork, a printing business, with his two brothers in 1997. They worked hard to grow the business for many years, until ‘business as usual’ just didn’t cut it anymore. Then, they started to think of the direction of the company. Aside from earning a decent living, they wanted to ensure that they played their part in minimising damage to the environment. Consequently, after nearly 14 years, the brothers decided to revamp their business and started to focus on providing eco-friendly printing solutions.

By 2011, the Nets Group of Companies, as it is now called, had started investing in carbon-neutral machinery, sourced for eco-friendly materials and fine-tuned its printing processes to save energy and reduce waste. The Nets Group has since branched out from just offering conventional printing services, to doing product design and also produced eco-friendly products. The Nets Group is certified by Forest Stewardship Council (FSC), an international non-profit organisation responsible for the management of the world’s forests.

The Nets Group’s move to produce its own eco products such as gifts and stationery under the brand Meeco, is part of the company’s efforts to reach out directly to consumers. Hopefully, this will help increase environmental awareness amongst consumers, which would increase consumer demand for green products and, in turn, encourage manufacturers to relook their way of doing business.

Being sustainable does not mean cutting corners or compromising on quality. The Nets Group has certainly found a way to capitalise on the green business, with its average annual revenue of RM20mil.

(Source: The Star, 20 June 2016)

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