

SME WEEKLY NEWS

(27 November 2017 – 1 December 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>PM: GDP for SMEs set to soar</p>	<p>The GDP for SMEs is expected to increase by between 6.5% and 7.5% next year due to the increase in allocation for SMEs under Budget 2018, says Prime Minister, Datuk Seri Najib Tun Razak. Some of the issues face by SMEs also would be resolved under the Budget which address the current requirements of SMEs. In exemplifying the success of SMEs in Malaysia, he also said that 1,997 SMEs were ready to export via the Digital Free Trade Zone (DFTZ) platform that was launched recently. Through the existence of the world's first DFTZ, the export of SMEs is expected to increase to as much as US\$38bil (RM155.2bil), creating 60,000 new jobs by 2025. Meanwhile, he has also launched the SME Central Incentives System (SCenIc), which is a centralised database of Government assistance's beneficiaries. Through this database, it is hoped that every ministry and agency will avoid overlapping of assistance given to SMEs as well as ensure the optimisation of resources.</p> <p style="text-align: right;"><i>(Source: The Star Online, 30 November 2017)</i></p>
<p>MALAYSIA</p> <p>SME Corp. extends helping hand to flood-affected Terengganu businesses</p>	<p>Chairman of Terengganu Rural Development, Entrepreneur, Cooperative and Consumerism Committee, Nawi Mohamad said that SME entrepreneurs who have suffered losses by the ongoing floods in the state can apply for emergency assistance from SME Corp. Malaysia. Assistance will be in the form of financial aid or other forms deemed suitable by SME Corp, through MIDF. The fund could be disbursed via an easy repayment loan scheme or a straightforward grant. They can use this emergency financial aid to purchase machines, equipment, raw materials and stocks; or renovate their damaged business premises. Eligible entrepreneurs can apply for emergency loans for as low as RM50,000, up to a max of RM100,000. Meanwhile, emergency grants could be obtained for up to RM20,000. Last year, a total of RM160,000 worth of emergency grants were disbursed to 16 SMEs in Terengganu.</p> <p style="text-align: right;"><i>(Source: New Straits Times, 1 December 2017)</i></p>
<p>INDONESIA</p> <p>Indonesia applies digital solutions in SME funding</p>	<p>The Indonesian government has promoted growth of SMEs by encouraging banks to increase their SME portfolio. Notably, a digital strategy will especially allow banks to build smarter sales operations and streamline processes, generating unexpected rewards and gaining significant commercial advantage. Since 2000, fintech providers have poured more than 50% of their investments into corporate banking, including the SME segment. Meanwhile, some banks have started to offer more digital solutions for smaller businesses. Analysing data will also enable banks to improve credit risk modelling and loan tracking, helping them to resolve the historical bugbear of SME banking, that is high levels of non-performing loans. Income from SMEs accounts for almost 20% of Indonesian banking revenue. Banks can expect to boost their SME revenues by 20-25%, reduce costs to serve customers by 30-50% and pare down the number of their nonperforming loans from SMEs.</p> <p style="text-align: right;"><i>(Source: Vietnam.plus, 27 November 2017)</i></p>
<p>MYANMAR</p> <p>Number of SMEs halves as competition from across the border bites</p>	<p>The number of SMEs in Mandalay industry zone has halved, according to U Nay Win, Vice Chair of Mandalay industry zone. There were over 1,000 SME businesses in 2010 but now in 2017 there remains only over 500. The number has declined to half because local SMEs can no longer compete with products from China and other ASEAN countries due to scarcity of skilled workers, inadequate capital, insufficient electricity supply, weak government support to the SME sector and weakness in coordination and collaboration practice among businessmen. Prices of Myanmar products are high because they can't go mass production due to the lack of modern machinery. When China is producing an item in hundreds of thousands, they only manage to produce just in tens of thousands. Therefore, the government should impose more levies and tariffs on the goods entering Myanmar via the borders and from ASEAN countries if those goods can be produced by local businessmen.</p> <p style="text-align: right;"><i>(Source: Myanmar Times, 1 December 2017)</i></p>

THAILAND

300,000 new SMEs targeted

The government plans to increase the number of SMEs by 300,000 in 2018, says Suwanchai Lohawattanakul, Director General of the Office of Small and Medium-Sized Enterprises Promotion (OSMEP). The government policy is to strengthen SMEs and help them expand their business abroad, particularly in Cambodia, Laos, Myanmar and Vietnam (CLMV). To support SMEs, OSMEP has allocated 1.22 billion baht for several projects. Around 500 companies were initially expected to receive support in expanding their businesses into CLMV countries by next year, tapping into the growing economies and strong demand there. The Commerce Ministry also plans to develop a national e-commerce platform to support Thai micro SMEs, particularly in rural areas, to boost local economies. To achieve that goal, the government has joined hands with e-commerce giants to improve distribution channels and help Thai SMEs hone their skills in using e-commerce for marketing.

(Source: Bangkok Post, 1 December 2017)

FROM ONLINE TO BRICK-AND-MORTAR

ENGKU Isa Al-Husam has finally decided that he can't go without a physical store. After running his online retail business, Foodmarket, for two years, he recently launched the first Foodmarket store in Bandar Sri Permaisuri, Cheras. "People still want to shop in a physical store as they want to see, touch and try out whatever we have to offer. So now I use the Foodmarket portal to drive more people to the shop," Husam.

Foodmarket, owned by Husam Waksa Sdn Bhd, is a supermarket of sorts specialising in local food offerings and ready-to-eat stuff. It first came online in April 2015. The company sells a variety of sambals, cooking pastes, exotic local food, frozen food, snacks and traditional delicacies from petai, pekasam, belacan, cincalok and salted fish. Over the past two years, Husam notes that 70% of its total sales comes from offline transactions such as pop-up stores and special projects like hampers. Additionally, most of their customers prefer to go to their office to make purchases.

"Our online orders come mainly from Brunei," he says. That said, the online business still plays an important role for Foodmarket. Husam hopes the boost in sales at the physical store would also help drive its online traffic. "Our online store is running as usual and it will soon have a new look and an app for smartphone buyers so that our loyal customers will have a better experience compared to the web page. We hope to give our online portal a new face lift as we believe the online portal is still relevant," he adds.



Foodmarket currently carries more than 500 products. They have another warehouse in Port Klang to store products for export to countries such as Brunei, Singapore, Indonesia, Hong Kong, London, Amsterdam, Saudi Arabia, Egypt, UAE and Oman.

"We believe that Foodmarket has a strong branding, good commercial value and bright prospects in terms of business module and good returns too. We want to increase our portfolio and sell off some shares to potential investors. Our brand is strong and we have been a strong supporter of SMEs and the cottage industry in Malaysia. We'll also have merchandise and collectable items and kitchenware in the shop before the year ends," he says.

(Source: The Star, 27 November 2017)

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