

SME WEEKLY NEWS

(4 November 2019 – 8 November 2019)

Countries	Highlights
<p>MALAYSIA</p> <p>Cash limits may stifle SMEs and startups</p>	<p>SMEs will be hit the hardest if Bank Negara Malaysia proposal to cap the Cash Transaction Limit (CTL) at RM25,000 next year goes through, say business associations. President of SME Association of Malaysia, Datuk Michael Kang said that many small businesses still deal in cash with their supply chain, and capping the amount would be troublesome. If the cash transaction is limited to RM25,000, then this payment process will be affected. A CTL is a limit on the amount that can be paid by physical cash per transaction. Currently, there is no limit. President of Malaysian Associated Indian Chambers of Commerce and Industry, Datuk Gobalakrishnan said that the proposed measure would create an unhealthy business environment for SMEs. He said that big industries may have the budget in advance and can project their expenditures by doing banking transactions, but for some small businesses, they are still largely deal in cash when paying their workers' salaries and suppliers' bills.</p> <p style="text-align: right;"><i>(Source: The Star, 8 November 2019)</i></p>
<p>THAILAND</p> <p>Government's economic stimulus package generates over 10 billion baht</p>	<p>The Thai government's campaign to stimulate domestic tourism through the Chim Shop Chai campaign has generated over 10 billion baht so far. The transactions carried out through the g-Wallet app have generated 225 million baht in the Yala province alone. The southern province now ranks 10th highest for spending during the campaign. A government minister says the campaign has generated sales growth of at least 30% for businesses and up to 100% in some areas. The campaign has been proven to boost smaller businesses, putting more cash into circulation and stimulating the local economies. About 13 million people have signed up to participate in the scheme so far, with the campaign also helping to get more Thai people using cashless payment systems to prepare the country for the digital economy. It also encourages families to travel and holiday within Thailand, spreading more wealth to local businesses. The campaign's impact is expected to become more pronounced towards the end of the year, during the peak tourism period.</p> <p style="text-align: right;"><i>(Source: The Thaiger, 8 November 2019)</i></p>
<p>SINGAPORE</p> <p>Singapore SMEs financed by SME financing platform Validus Capital contributed over S\$400 million in GDP in 2018</p>	<p>Singapore's top SME financing platform, Validus Capital announced that SMEs who received financing through their platform has enabled them to grow their business with these SMEs contributed S\$403 million to Singapore's GDP and supported over 10,000 jobs in the country, based on data from 2017 and 2018. With this trend, Validus expects that their financed SMEs are expected to contribute an additional S\$500 million in 2019, given that disbursements this year have exceeded the combined amount in the past two years, thus bringing the total to close to S\$1 billion in GDP contributions across 2017, 2018 and 2019. Study by Steward Redqueen's shows how Validus' financing positively impact both the SMEs and wider economy. SMEs that obtained financing from the platform experienced a 17% increase in their annual revenue in 2018. GDP contribution from Validus-assisted SMEs grew by 18%, in contrast to the overall GDP contribution by Singapore's businesses of 5% in the same year. In addition, SMEs who obtained financing from Validus experienced a robust employment growth of 12% as compared to 1% for the overall employment growth of Singapore's businesses. The findings from Steward Redqueen's study is a testament that the online financing solutions are on track to make a significant impact in plugging Singapore's SME financing gap.</p> <p style="text-align: right;"><i>(Source: Business Insider, 7 November 2019)</i></p>

<p>PHILIPPINES</p> <p>Trade department lays out plans for onset of advanced manufacturing</p>	<p>Government agencies are proposing programs to address job losses caused by the possible contraction of the manufacturing sector due to increased automation, said representatives from Department of Trade and Industry (DTI) and the National Economic and Development Authority (NEDA) at Philippine Economic Society forum. Adoption of new technology will increase productivity but may replace workers whose tasks are to be automated. Thus, providing workers with new digital skills to prepare for the future of production is a DTI priority. The government plans to build an SME Academy and innovation center to provide 'Industry 4.0' training for SMEs. It also plans to establish 'Industry 4.0 Factory' which serves as a demonstration and learning facility especially for SMEs to try out new-technology concepts. DTI is also working with Department of Labor & Employment and Technical Education & Skills Development Authority to build training and workforce development programs for future production.</p> <p style="text-align: right;"><i>(Source: Business World, 7 November 2019)</i></p>
<p>VIETNAM</p> <p>Validus Capital launches financing platform in Vietnam</p>	<p>Singapore-based financing platform, Validus Capital has launched its Validus Vietnam, the company's 3rd venture in Southeast Asian market after Singapore and Indonesia. Validus Vietnam is aiming to plug the unmet US\$21 billion SME financing gap in the country. It will partner with corporates to meet the financing needs of SMEs in burgeoning industries, including manufacturing, real estate, construction, healthcare, consumer services, retail and wholesale trade. Validus Vietnam will operate using the same proprietary technology and credit scoring systems currently used in Singapore and Indonesia to provide Vietnam's SMEs access to fast, reliable and affordable sources of growth financing. Built on the same validated processes, technology and robust credit algorithms, Validus Vietnam's platform will be further adapted and tailored to cater to the unique needs of SMEs in Vietnam.</p> <p style="text-align: right;"><i>(Source: IBS Intelligence, 6 November 2019)</i></p>

BANANA TRADER AND PLANTER SEES EXPORT OPPORTUNITIES FOR THE FRUIT

Few would go bonkers over bananas like Datuk Edmond Chow. Chow first came to know about the banana frenzy more than 10 years ago when he worked for a company in China that was importing bananas, mainly from the Philippines. Obviously, there was a very big demand from China and countries like Australia, Middle East, Japan and even Singapore, were hungry for bananas.

Malaysia had an abundance of bananas, and there was no reason why we could not fulfill this demand. So Chow told his employer that instead of working for him as a buyer, he'd rather form a trading company and sell him bananas. He then returned to Malaysia in late 2008 and started Agrofresh International Group Sdn Bhd. The company mainly exports Cavendish bananas under its Cavana brand.



All Chow had planned to do was to continue sourcing for bananas and export to China. But he found that local bananas weren't ripe for the international market and Malaysian bananas cannot be exported to China due to certain government agreements. So, he stuck to sourcing Cavendish bananas from the Philippines. Until 2012, growing tensions over a land dispute between China and the Philippines then led to a halt in imports of bananas. It was a dangerous time as Agrofresh was hit with about RM2mil in losses and staff were left with nothing to do for almost a year.

One fine day, Chow received a call from a banana farmer in Indonesia, inviting him to come over to inspect his production. "The farm was quite big and the quality is not bad, but he must upgrade his facility if he wanted to export. So I told him what he needed to change and so on. Chow must have thanked his lucky stars that after his supply from the Philippines had been cut off, the Indonesian farmer was heaven-sent. "This guy called me again, he really improved everything and followed my instructions," says Chow. Chow then quickly sent a container of bananas to China. His counterparts in China were excited to receive the fresh supply, approved of the quality -- they wanted more.

However, after two years, the Indonesian farm was bought over by investors from the Middle East and Chow was back to square one. He knew what bananas fit for the international market looked like but producing them was a whole different story. So, he reached out to UPM in 2015. Agrofresh invested about RM5mil into a 5-year tie-up with the university to produce export-worthy Cavendish bananas locally. "We know how to do the quality control, handling of the product, packaging, export. But the plantation, tissue culture, planting, we don't know. So we tied up with UPM to do the R&D."

After four years, the techniques and technology that they've acquired are now being applied at Agrofresh's plantations in Vietnam and Cambodia. One of the things that Chow hopes to do is to also apply the knowledge that the company has obtained from its years of experience to the local farming industry. Through its tie-up with UPM, Agrofresh has compiled a manual on the standard processes that farmers need to follow in order to produce Cavendish bananas that would meet export standards.

"If farmers want to export, they need to upgrade their facility to meet international standards i.e. automated lines, proper cold rooms, systematic processes, etc. So, Malaysia now needs to upgrade the quality of our farms and production. Nonetheless, he acknowledges that the upfront cost to start a farm can be high due to the cost of land in Malaysia. To have a good farm, he opines that the government could aid aspiring farmers with subsidies and incentives. Chow also encourage the younger generation to give agriculture a second look.

(Source: The Star, 4 November 2019)