SME WEEKLY NEWS

(18 April 2016 – 22 April 2016)

Countries	Highlights
MALAYSIA **Upskilling SME workers**	The Human Resources Development Fund (HRDF) has established the HRDF Pool Fund to encourage SMEs to continuously train employees to increase their level of competency and various other new initiatives are expected to be implemented. Some of the fund's initiatives include the establishment of a HRDF Outplacement Centre, Train and Replace Programme, SMEs Up-skilling and Re-skilling Programmes as well as the 1MalaysiaGRIP Programme. The 1Malaysia Outplacement Centre is an initiative to enhance the employability of retrenched workers. Under the initiative, retrenched Malaysian workers will be equipped with the required additional industrial skills or qualifications to enable them to be re-employed. *(Source: The Star, 19 April 2016)*
MALAYSIA **400 Bumiputera SMEs to benefit from export promotion programme**	A total of 400 Bumiputera SMEs will be groomed to become exporters by 2020 under Bumiputera Export Promotion Programme. The programme would be carried out in collaboration by SME Corp. Malaysia and Majlis Amanah Rakyat. The participants will be provided with an integrated aid package which includes financial assistance and other components such as packaging, certification and quality system management, as well as, product innovation and development. The programme could create a network among Bumiputera SMEs, which would enable them to benefit from opportunities offered by Trans-Pacific Partnership Agreement and Asean Economic Community. *(Source: The Malay Mail, 21 April 2016)*
MALAYSIA **SME Bank approves RM3.8m to 11 micro enterprises**	SME Bank has approved RM3.8 million, as of March 31, 2016, to help 11 eligible micro enterprises under its Small Business Financing Programme (SBF). With fund allocation of RM100 million, SBF offers working capital to micro enterprises to develop their business and increase product marketability. Applicants for the financing must be business operators, registered under the Companies Commission of Malaysia Act 2002 or Co-operative Act 1993, have a minimum of 51% Bumiputera equity ownership and be in operations for at least two years. A Shariah compliant product, SBF financing tenure is between five and seven years with a profit rate of 7.5% per annum. *(Source: Bernama, 21 April 2016)*
MALAYSIA **TPP SME body to take shape as early as 2018**	According to the Minister of International Trade and Industry, YB Dato' Sri Mustapa Mohamed, the 12 Trans Pacific Partnership (TPP) partners will establish a body to link SME once the trade deal takes shape. It will not only provide linkages and cooperation in capacity-building across the 12 countries but also help stimulate businesses. With lower tariffs and new markets for Malaysian businesses like Mexico, Peru and Canada, the multiplier effect and impact to the value chain will be immense. *(Source: New Straits Times, 19 April 2016)*

Countries	Highlights
THAILAND **SME Bank lowers NPLs in Q1, expects more success**	The SME Development Bank of Thailand is confident in can work down its non-performing loans (NPLs) to Bt18 billion in 2016 after succeeding in hitting the first-quarter milepost. SME Bank ended 2015 with NPLs of Bt23.45 billion, representing 27.2 per cent of its loan portfolio. Under its business plan presented to the State Enterprise Policy Office, it has to bring NPLs down to Bt18 billion by year-end of 2016. Already Bt1 billion was sold to Bangkok Commercial Asset Management Company in the first quarter. That helped the bank reduce NPLs to Bt21.07 billion, better than the target of Bt22 billion for the quarter. Gross NPLs in the first quarter improved to 23.8 per cent of outstanding loans of Bt88 billion. The bank has also set up a loan-monitoring unit at its branches to track the debt-servicing ability of borrowers. *(Source: The Nation, 22 April 2016)*
SINGAPORE **Banks extend a helping hand to SMEs facing difficulties collecting payments**	SMEs are facing increasing difficulties in collecting payments, amid a slowdown in economic growth. However, unlike in previous downturns, some banks appear willing to extend loans to SMEs. Companies in the construction sector, for example, are finding it more difficult to collect money from customers, with payment delays jumping by one-third in the first three months of the year compared to the previous quarter. According to Commercial Credit Bureau, such late payments make up nearly half of overall transactions overall, creating cash flow problems for many SMEs. Amid growing cash flow concerns, latest data showed that working capital was the top reason for seeking financing. Lenders in Singapore said they are coming up with new solutions that can meet SMEs' current needs. *(Source: Channel News Asia, 21 April 2016)*
KOREA **Help for South Korean SMEs should be refocused**	Like other Asian governments, South Korea has introduced a range of programs to address SME financing problems, but the effectiveness of this effort has received little study. The financing problems faced by SMEs in South Korea are exacerbated by the dominant practice of collateral-based lending. This has curtailed the ability of smaller companies to raise capital even if they have promising business plans. Direct government loans to SMEs, credit guarantees that enable them to secure loans in the market and other financial assistance programs are the most important components of South Korea's policy of promoting entrepreneurship. The size of public spending under these programs is substantial. As of 2014, the balance of public loans and guarantees extended to SMEs stood at about $70 billion, as provided by the Korea Credit Guarantee Fund, Korea Technology Finance and Small & Medium Business Corp. *(Source: Nikkei Asian Review, 20 April 2016)*

"Failure is not an option"

When Baharom Hamzah found that cleaning pins for O&G pipelines were not widely available, he decided to import them and carve a niche for himself. But suppliers were fickle and the technology jealously guarded.

Baharom founded Romstar in 1997 as an agent trading in O&G equipment and services. It was a small business, he recalls, and not something he ran full-time. He was still employed at the time.

Presently, Romstar is a leading provider of intelligent pins in the country. Intelligent pins are used to inspect oil and gas (O&G) pipelines to detect corrosion. Romstar also manufactures cleaning pins, which are used to clean out crude oil residues from the pipelines, as well as calipers, to measure the insides of pipelines to ensure that there are no dents. Romstar currently employs around 90 workers, of which about 60 are engineers.

The company has also taken up projects in countries such as Indonesia, China, Iran and Thailand. Last year, contracts from abroad made up the bulk of its RM25mil revenue. For 2016, Baharom is targeting turnover of RM35mil.

Source: www.thestar.com.my

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