



World SME Update

(A Global Update On SME News, Events, Policies & Programs)

Date: 15-31/03/2016

Volume 49, Number 27

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ARGENTINA



Production announced \$ 340 million in loans for SMEs and updates the segment categories

Production Minister Mr. Francisco Cabrera today (March 18, 2016) announced the release of \$ 340 million from the National Development Fund for Micro, Small and Medium Enterprises (FONAPyME) offering preferential credits for three purposes: Strategic Production Competitive Capacity and Energy Efficiency.

From La Cantábrica Industrial Park Moron and accompanied by the Secretary of entrepreneurs and SMEs, Mr. Mariano Mayer, Cabrera explained that "*SMEs are the main generators of employment and their biggest problem is lack of funding. 7 out of 10 small and medium enterprises have no access to credit of any kind and it is urgent to accompany them to grow. FONAPyME is a first step of many actions to leverage SME development*". Mr. Mariano Mayer said that "*this initiative is given under the financing plan that we launched for SMEs to improve their competitiveness and become the engine of employment and wealth of the country*".

The objective is to finance investments FONAPyME industrial, agro-industrial, software and mining, providers of industrial services and construction sector.

Through line FONAPyME Credit Strategic Production SMEs can obtain financing in the medium and long term of between \$ 100,000 and \$ 3 million (with a maximum of 70% of the project), with a term of up to seven years for cancellation and a rate of 16% fixed annual and pesos during the first 36 months of credit and variable to the end of the term. In the variable period, the interest rate may be a maximum of 20% and at least 12% and annual nominal pesos. With the aim of encouraging aimed at developing new products, import substitution, increase production capacity and improve existing production processes investments, this tool supports the development of investments linked to the acquisition of new capital goods, facilities or construction of the production plant and involving generation of new jobs.

For its part, the line of Competitive Strengthening FONAPyME is intended for small and medium companies that want to seek finance working capital through the purchase of raw materials for production, payment of salaries of company personnel and operating expenses, which they are associated with the regular operation of the firm. The loan amounts range from \$ 100 thousand to \$ 1.5 million with an interest rate of 18% annual nominal fixed and weights, and a term of up to 3 years for cancellation.

In the case of FONAPyME Energy Efficiency, the Ministry of Production and the Ministry of Energy and Mining finance investment projects to optimize energy use. Business access to financing projects with amounts between \$ 100,000 and \$ 2 million (with a maximum of 70% of the project), a maximum period of seven years for cancellation and an annual interest rate of 9%, fixed peso .

The presentation of projects operates with monthly closings on the last business day of the month. For cases Strategic Competitive Production and Strengthening the deadline date for submitting projects will be until December 30, 2016 or while supplies last availability of resources. Meanwhile, the last closing of Energy Efficiency operates on 30 June this year.

Also participated in the ceremony the Minister of Production, Science and Technology of the province of Buenos Aires, Jorge Elustondo; the mayor of the town of Moron, Ramiro Tagliaferro; Secretary of Industry, Martin Etchegoyen; and Secretary of Productive Integration, Andrés Boeninger, along with other national, provincial and municipal authorities.

New categories for SMEs

On this day, the Official Gazette published the resolution of the Ministry of Entrepreneurship and Small and Medium Enterprises with the new classification to determine SME companies.

Limits were raised annual turnover and internal categories within each sub-segment of micro, small and medium enterprises recover. The new categorization also raises an innovation in the segment of medium which is now divided into two sections in order to expand the coverage of public policies and access to financing an entrepreneur segment that so far lacked policies development and promotion.

For the industry sector, for example, it is considered a micro company that bill up to \$ 7.5 million a year, a small is up \$ 45.5 million; a median section 1 to \$ 360 million and a median stretch two to \$ 540 million annual turnover.

Similarly, the resolution updates the classification of sectors under the latest revision of the Classifier of Economic Activities AFIP (HPLC) which corresponds to the International Standard Industrial Classification Revision 4.

The government agreed with the World Bank projects 6.300 million for infrastructure, social programs, innovation and SME financing



Finance Minister, Mr. Alfonso Prat-Gay, and the Minister of Social Development, Ms. Carolina Stanley, advanced with World Bank Vice President for the initiatives to be financed and the guidelines for the coming years

The Minister of Finance and Public Finance, Mr. Alfonso Prat-Gay, met in the Palace of Finance with the Minister of Social Development, Carolina Stanley, and World Bank Vice President, Mr. Jorge Familiar, in relation to projects to be financed by the international financial institution for an amount estimated 6300 million.

Argentina will receive 3,500 million for new programs, of which 2000 million will be to run this year (2016 to 2017) and 1500 for the next fiscal year (2017-2018). To this amount, add 2,800 outstanding disbursements already active projects, totaling approximately 6300 million.

The announcement of the commitment of the World Bank Argentina was made today by President Mr. Mauricio Macri in Chaco and part of central objectives of the National Government as "zero poverty" and modernization of infrastructure.

The ad seeks, on the one hand, extending the Child Allowance (AUH) for all Argentine children, including nearly one million children who are able to receive and do not receive it and, second, the financing of Belgrano Plan, to carry out infrastructure works in 10 northern provinces of the country.

The amount of 2000 million that will run in this exercise is divided into 600 million for the expansion of Child Allowance (AUH) and 1.4 billion for projects in water works, health, social housing and renewable energy, as well as access to credit Small and Medium Enterprises (SMEs) and modernization.

Among the active projects, with funds pending disbursement, most notable include the Sustainable Development of the Matanza-Riachuelo Basin for more than 520 million; Vulnerable Persons Protection against Non-Communicable Diseases (NCDs) by almost 350 million; Employment Promotion for young people, more than 300 million; the PERMER II Project for the development of Renewable Energy in Rural Areas, for 200 million; Improvement of Rural Education, about 225 million; Water Infrastructure in the works of Belgrano Plan, with 112 million and the Development of Provincial Public Health Insurance (LST), worth 312 million, among others.

The complete list of projects is publicly available on the website of the World Bank (www.bancomundial.org/projects/search?lang=es&searchTerm=&countrycode_exact=AR).

Many of these initiatives will go to projects in the ten provinces of northern 5país as part of Belgrano Plan aimed to lower logistics costs and improve competitiveness.

Moreover, the International Finance Corporation (IFC), the private sector division of the World Bank Group, will co-finance a total of 2000 million dollars to promote the food industry, renewable energy and credits at low interest rates for SMEs.

BHUTAN

Business, Back in Business, Suraj Vaidya takes over as President, SAARC CCI

The new operational program "Initiative for SMEs" is a powerful tool to support and encourage the development of small and medium enterprises in the country. This was stated by Minister of Economy Bozidar Lukarski signing today (March 2, 2016) of an agreement with the European Commission (EC), the European Investment Fund (EIF) and the European Investment Bank (EIB) for the new Operational Program "Initiative for Small and Medium Enterprises' (OPIMSP). The



agreement was signed by Minister Mr. Lukarski from the Director General of DG "Regional and urban policy" in the European Commission Walter DEFA, the Executive Director of the EIF Mr. Pier Luigi Giliberto and director of "Central and Southern Europe" EIB Ms. Flavia Pallanza. The signing ceremony was attended by Deputy Prime Minister Mr. Tomislav Donchev.

The new program provides for financial resources amounting to 102 million euros by the European Commission and the European Regional Development Fund, which will be provided entirely by the EU, without financing from the Bulgarian side. In it, through financial intermediaries will be provided guarantees for lending to small and medium-sized enterprises, which will reduce the high collateral requirements on loans and will ease significantly entrepreneurs in obtaining fresh financial resources for their activities.

"Today is a really important day for small and medium enterprises in Bulgaria because of the signing of the agreement on the one hand we hope to help small and medium-sized enterprises, on the other to achieve economic growth," said Minister Mr. Lukarski after signing. He added that the program gives higher guarantees by the EIB and EIF compared to previous similar financial instruments. Mr. Lukarski minister stressed that the expected multiplier effect of the program to be six times as reach € 600 million loans for small and medium enterprises. This is one of the initiatives on which our hopes to awaken financial resources in banks, said Minister Mr. Lukarski. He noted that our country is one of the pioneers in the EU accession this type of initiative; we are the third country after Spain and Malta to be included. "We did a lot of work. We sincerely hope our National Assembly to quickly ratify this agreement in order in the early autumn SMEs in Bulgaria have access to this capital," added Minister of Economy.

"We are in an operational program and more 102 mln. Euros resource designed directly for small and medium enterprises and entrepreneurial initiatives. I hope there are enough good projects to benefit from it. This will have the effect of all - economic growth, income taxes." It said after signing the Deputy Prime Minister Mr. Tomislav Donchev. He added that for 2016, thanks to various programs and initiatives that will bring to market 1 billion. Lev - resource available to Our Business in Bulgaria.

The Executive Director of the EIF Mr. Pier Luigi Giliberto said that access to resources remains a very important issue, especially for SMEs, not only in Bulgaria but also worldwide. *"EIF endeavor to provide such funding I am sure that Bulgaria has made a very important step for access to finance for SMEs,"* he said. In data Giliberto quoted expect more than 3000 Bulgarian SMEs to seize the initiative on preferential terms. *"This initiative will create new opportunities for entrepreneurs will generate growth and jobs. This is a good example of how EU funds support real investments in the real economy,. Bulgaria is making efforts to use financial instruments intensive,"* said Mr. Walter DEFA

Director of "Central and Southern Europe" EIB Ms. Flavia Pallanza pointed out that Bulgaria is the first country in the region that will benefit from the possibility of funding instruments. She pointed out that he main objective of this initiative is to provide easier access to capital for SMEs through financial intermediaries, especially for companies with more risk profile for which financial guarantees not

readily available.

After signing the agreement pending ratification by the National Assembly and selection of financial intermediaries.

BRAZIL



Small businesses will have guidance to protect patents, trademarks and geographical indications

On Thursday (March 10, 2016), the SEBRAE and the National Industrial Property Institute (INPI) signed a Technical Cooperation Agreement, valid for three years, in order to increase access to patent protection and registration marks and geographical indications.

The President of the SEBRAE, Mr. Guilherme Afif Domingos, and the president of INPI, Mr. Luiz Otavio Pimentel, signed an agreement with the Commercial Association of Rio de Janeiro. *"Registering a trademark or protect a patent is a security over to the entrepreneur who, through the bureaucratic jungle to build your business, is often forgotten or considered unnecessary to safeguard the company's name or his invention,"* he says.

In turn, Pimentel points out that the industrial property may represent a key competitive advantage for the new business to gain market space.

Patent applications between MEI, micro and small businesses accounted for 11% of total applications filed by residents in Brazil in 2015, an increase of 8.7% over the previous year. Already more than 64 thousand applications for registration of small business brands accounted for nearly 50% of residents requests last year. But that number has the potential to grow, especially with the differential treatment set by INPI for priority examination for small businesses.

The overall objective of the agreement is to make small business more competitive and innovative, stimulating the development of technologies and the use of technological information contained in patents. The work plan for the three-year cooperation agreement provides for the development of the Brazilian seal of Geographical Indication, in addition to producing guides, catalogs and brochures and other promotional materials on industrial property. They will be used to guide the micro and small enterprises on the use of these assets to leverage your business and empower the SEBRAE on the subject of industrial property.

CHINA



Accelerate the Implementation of the Free Trade Area Strategy and Construct a New Open Economic System

Government Work Report of the 4th Session of the 12th National People's Congress points out that efforts should be made to accelerate the implementation of the free

trade area strategy, to actively negotiate the regional comprehensive economic partnership, to accelerate the negotiations such as China-Japan-South Korea FTA, to promote the negotiations of China-US and China-EU investment agreements and to strengthen the research of the joint strategy of Asia-Pacific FTA. We are willing to work with all parties to push forward the trade and investment liberalization and jointly construct a balanced, win-win and inclusive international trade and economic system.

At present, China has signed and implemented 14 free trade agreements, involving 22 countries and regions, with free trade partners covering regions such as Asia, Latin America, Oceania and Europe, etc. This year, efforts will be made to push forward the construction of the free trade area with the countries along the line of the “Belt and Road” and the neighboring countries.

Accelerating and promoting the negotiation process of the RCEP. RCEP negotiation was officially launched in May 2013, with 16 members such as the 10 ASEAN countries, China, Japan, South Korea, Australia, New Zealand and India. Its population accounts for 50% of the whole world and its GDP, trade volume and foreign investment attraction are close to one third of the globe. The RCEP negotiation is the largest free trade agreement negotiation in Asia at present. It is also the negotiation with the most members, the largest scale and the broadest influence, ever participated by China. Now, 11 rounds of negotiations have been conducted and 4 trade and economic ministerial meetings have been held. All parties have completed the pattern negotiation of the market access of goods, service and investment and are conducting the bidding and charging negotiation of the practical market access of the core fields such as trade in goods, service trade and investment.

Actively promoted by China, the leaders of the RCEP issued a joint declaration during the series of East Asia Cooperation Meetings on November 22 2015, emphasizing that the RCEP is a significant route in the economic integration of this region and requesting all parties to strive to conclude the negotiations in 2016. China will work with all parties to speed up promoting the negotiations and work hard to realize the goal of concluding the negotiations by the end of 2016.

Making efforts to accelerate the China-Japan-South Korea FTA negotiation. China, Japan and South Korea are important economies in the world and the GDP and the foreign trade volume in total accounts for more than 20% of the world. Establishing the China-Japan-South Korea FTA is conducive to fully playing the industrial complementarity of the three countries, digging and improving the potential of the level of trade investment of the three countries and promoting the further integration of the regional value chain. The China-Japan-South Korea FTA was started in November 2012. At present, 9 rounds of negotiations have been held and comprehensive discussions have been undergoing on important issues such as trade in goods, service trade, investment and agreement scale, etc with positive progress. In November 2015, China-Japan-South Korea Leaders’ Meeting issued a joint declaration, reiterating that they would further strive to accelerate the FTA negotiations among the three countries and establish a comprehensive, high-level and mutually beneficial free trade agreement.

Promoting the FTAAP process. In 2014, the APEC Leaders' Meeting in Beijing passed the Beijing Road Map of Promoting the Realization of the Asia Pacific Free Trade Area by the APEC proposed by China, agreeing to accelerate promoting the APFTA process by conducting the work such as the Asia Pacific FTA joint strategy research. At present, all parties are speeding up drawing the specific chapters of the research report, trying hard to complete the research of the joint strategy by the end of 2016 and submitting the report and relevant suggestions to the 2016 leaders' meeting.

CHILE



Government announces measures to expand financing, promote the export of services and simplify procedures

The initiatives are part of the Year 2016 Productivity and are part of government effort to boost growth capacity of the economy, and together imply greater access to financing estimated at up to \$ 8,000 million. It is 22 measures, of which 3 are already ramping up. The Minister of Economy said that "*more and better funding is critical to expand production and growth capacity of our economy.*"

A total of 22 measures aimed at boosting productivity today announced the Finance Minister Mr. Rodrigo Valdes, by the Minister of Economy, Development and Tourism, Luis Felipe Céspedes; and Undersecretary of Finance, Mr. Alejandro Micco. The initiatives focus on expanding financing, promote the export of services and simplifying procedures to facilitate entrepreneurship and investment.

The authorities noted that these ads are part of the activities included in the Year of the Productivity 2016 and meet the commitments of the Committee of Ministers of the Economic Area with President Mr. Michelle Bachelet, in order to complement and deepen the government's initiatives aimed at expand the capacity of economic growth and a rate of return higher activity. Among these include the measures outlined in the Agenda for Productivity, Innovation and Growth; Energy Agenda; policies to improve markets and stimulate competition, and educational reform that will result in raising our human capital. To this progress in infrastructure, including compliance goals concessioned works by US \$ 1,500 million for the second year in office, with new concessions and the recent launch of Roads Improvement Plan are added.

DIAGNOSIS

As diagnosis, the minister of finance said that "*economic growth has been quite disappointing in recent years and in recent months*". In this regard, he added that "*the President has given us the economic team working on measures to increase the growth capacity of the economy so that Chile can expand faster.*"

Secretary of State insisted that Chile faces two major tasks from the point of view of growth. One of them is "*realize a process of reallocation of resources between sectors has been happening in that resources are moving to more dynamic sectors. We have spoken several times in a two-speed economy*". As a second element, he said that we must

work "to increase productivity growth. This is an old issue in Chile, but to be tackled and have been addressed. In this context, you know that the President invited all sectors to work for this year 2016 is the year of productivity. "

Authorities said several of the averages announced today have emerged from the collaboration between government and the private sector, initiatives to promote productivity driven previously and proposals submitted by regulators. Also, some of them already in trial run.

They emphasized that these measures constitute a first set of initiatives and that the government hopes to promote additional measures arising from proposals of other actors, including the National Commission on Productivity and academia, business and labor world. They also noted that the Committee of Ministers of the Economic Area is working on initiatives in other areas, which will be announced in due course. Thus, Rodrigo Valdes insisted that the initiatives announced today are not *"the last set of measures that deliver and not the first. We are working with several things that are already working and others to come. "*

MEASURES

The authorities detailed that the 22 measures (see measures) are focused on three specific areas: funding for new initiatives, an agenda to promote exports of services and simplifying procedures. Valdes minister explained that as a whole, have a potential for providing resources for US \$ 8,000 million and that of all initiatives, *"three are ramping up, but have not publicized enough, while 9 will be specified by a administrative and 10 via through legal amendments. "*

Meanwhile, the Minister of Economy said that more and better funding is critical to expand productive capacity and growth of our economy. *"In these areas of growth there is no silver bullet, we have to do is work on a set of measures that will allow us to expand the growth capacity of our economy and allow us to grow steadily over time and that the funding is critical, "he said.*

On more specific issues, the Minister Mr. Céspedes said that it establishes a maximum period of receipt of the copy of the invoice, after which it shall be deemed irrevocably credible, to facilitate access to financing for SMEs. *"Once the deadline is met, the bill is understood as accepted by the company and therefore will have all the guarantees. Something that will be essential for financing small and medium enterprises often have problems payments to 90 or 180 days, "he said.*

Also, the Minister of Economy announced that during the third quarter, submitted to Congress, the bill that creates the integrated conservatives notary procedures and centralized access electronic platform. *"We will create an integrated platform that allows for example, simplify the attending notary offices where documents can be made available on the internet and it is not necessary to visit these offices every time a copy of, for example, a script is required. We have to be able to include technology to public goods, "he said.*

In addition, the Minister Mr. Céspedes reported that no later than the third quarter will be sent to Congress a bill that would create a single system for security interests, so that smaller companies can effectively use their movable assets (such as machinery and vehicles) as collateral.

Meanwhile, Undersecretary Mr. Micco noted that the export of services is "a new axis of growth for our country at a time when traditional sectors such as copper are down. The world is moving towards an economy more services and Chile cannot be left behind. So in this package we decided to make a number of changes to facilitate the export of services. "

DENMARK



Foreign Minister launches two new programs to support SMEs' exports in Germany

As part of the implementation of the Government's Strategy for Germany presents Foreign Minister Mr. Kristian Jensen in Germany conference in Herning Thursday (March 17, 2016) two new programs from the Trade Council: Kickstart Germany and Messe Program Germany. Programs to support Danish SMEs' efforts to increase exports to the German market.

The Government's Strategy for Germany amounted framework for Enterprise Herning & Ikast-Brandes Germany Conference attended by the Foreign Minister and the Danish ambassador to Germany as well as representatives from a number of companies in Herning and Ikast-Brandes. The new programs were presented in Foreign Minister's opening speech that focused on growth through exports following the Germany strategy.

Foreign Minister Mr. Kristian Jensen said: "*We would like to give a special helping hand to SMEs. Germany is the obvious choice for many new export companies. We have therefore set aside 2.5 million. kr. in both 2016 and 2017 to help especially small and medium enterprises, which now concretely translates into two new programs: ' Kickstart Germany' and 'Messe Program Germany' .*"

The Danish Ambassador in Berlin, Mr. Friis Arne Petersen, presented in his speech the Danish representations work with the priorities of Germany strategy, which includes upgrading the Consulate in Munich at the Consulate General and the reopening of the Consulate General in Hamburg and the sending of an authority counselor to the Embassy in Berlin. The ambassador pointed to the many interesting market opportunities, as developments in Germany offers in sectors such as energy and energy efficiency, health and welfare, food and design and fashion. At the same time the strong German industry many outlets for talented and innovative suppliers.

The ambassador said: "*With the further strengthening of the Danish representations commercial advisory and support functions as well as the launch of the 'Kickstart Germany' and 'Messe Program Germany' stands SMEs with a very strong base for achieving the huge and untapped export potential in the German market.*"

The new SME offer is a concrete realization of one of the main points in the government's Strategy for Germany for the benefit of Danish companies' export opportunities in Germany. 'Kickstart Germany' gives a first impression and uncover opportunities for new export companies in the German market in the form of 30-50 hours of counseling. 'Messe Program Germany' involves counseling and

assistance with the preparation, implementation and follow-on participation by the major German fairs. The package is flexible and offers 20-100 hours of counseling as needed. Both programs offer a subsidy of 50% of the Trade Council's ordinary hourly rate.

FINLAND



OP Financial Group an intermediary for EFSI guarantee programme in Finland

The European Investment Fund and OP Financial Group signed the first guarantee programme under the European Fund for Strategic Investments (EFSI) concerning Finland. Financing from the EFSI is part of the EU investment programme with the aim to enhance sustainable economic growth and competitiveness.

The guarantee signed by EIF and OP Group concerns a total of EUR 150 million as corporate loans. The OP Group may grant loans covered by the guarantee via its 180 member cooperative banks in Finland, as well as in Estonia, Latvia and Lithuania. Loans will be granted to innovative SMEs and small mid-cap companies with a staff of no more than 500.

OP Financial Group is the first intermediary organisation for EFSI financing in Finland. As shown by this guarantee programme, the EFSI is a concrete instrument for promoting the development, investments and growth of companies, in this case SMEs. I am sure that the step taken by the OP Group will boost the interest in learning more about and utilising this new source of financing, says Minister of Economic Affairs Mr. Olli Rehn.

According to President of the OP Financial Group Mr. Reijo Karhinen, small and medium-sized enterprises have a key role in bringing the Finnish economy back on the growth path. – We have lots of companies which have the potential to grow and create new jobs. Through the EFSI the companies may now have access to reasonably priced financing for innovation and product development. Positive signals are greatly needed in the Finnish economy. I am most pleased that the OP Financial Group was selected as the first EFSI intermediary in Finland.

The guarantee programme InnovFin (InnovFin = EU Finance for Innovators), signed by the EIF and OP Financial Group today, is the third financial arrangement of the EFSI concerning Finland. Before this, EUR 75 million of EFSI financing has been granted to Metsä Fibre biorefinery in Äänekoski and EUR 30 million to the recapitalisation of the Open Ocean venture capital fund.

The EFSI offers a significant new source of financing as we aim to turn investments into growth in Finland. There will be no economic growth before investments, and private investments in particular, are on the rise. In Finland private sector investments have declined much more than elsewhere in Europe, as much as 30% from 2007.

After the quite promising start, the fund has not been utilised in Finland as had been hoped for. Economic uncertainties have made those who should undertake

projects cautious. Hopefully the solutions to improve our competitiveness together with the negotiations now launched on the labour market will put investments on the right track, says Minister Rehn.

I have tried to encourage key actors under the Ministry of Employment and the Economy, i.e. Finnvera, the Finnish Funding Agency for Innovation TEKES and Finnish Industry Investment Ltd, to search for a suitable role as intermediaries for EFSI financing. The objective set in the autumn to channel at least EUR one billion of EFSI financing in its different forms to Finland is still valid.

GERMANY



Mr. Sigmar Gabriel and Hans Peter Wollseifer launch skilled crafts energy efficiency initiative

Today, Mr. Sigmar Gabriel, Federal Minister for Economic Affairs, and Mr. Hans Peter Wollseifer, President of the German Confederation of Skilled Crafts (ZDH) signed a joint declaration to mark the launch of a skilled crafts energy efficiency initiative. The Ministry and the ZDH agreed on joint measures to make buildings more energy-efficient. They also underlined the significant contribution the skilled crafts sector is making to implementing the energy transition.

Minister Mr. Gabriel declared: *"Buildings account for almost 40 per cent of final energy consumption in Germany, and for around one third of total carbon emissions. The skilled crafts sector is a crucial partner for the successful implementation of the energy transition. Skilled craftsmen and women work in direct contact with consumers. This makes them ideal energy efficiency ambassadors. Their work plays a key part in making the energy transition a success."*

Mr. Hans Peter Wollseifer said: *"The energy transition presents both an opportunity and a challenge for the skilled crafts sector. We want to equip our businesses to cope with the new demands. This is why we are adapting our training, consulting, information and quality instruments to the latest developments. The Federal Ministry for Economic Affairs and Energy is supporting our efforts, which is very helpful."*

In order to tap the full energy efficiency potential in the buildings sector, Germany plans to deploy "energy efficiency pilots" - skilled experts who will provide advice and help businesses find their way around the energy services markets. The goal is to mainstream energy efficiency in the skilled crafts sector. According to the joint declaration, initial and further training courses in the skilled crafts sector are to also convey a holistic approach to skilled crafts, and an understanding of the "home as a system".

Other aspects touched upon by the declaration include quality assurance in construction, modernization of vocational training centres and energy efficiency in schools.

Stuck in a rut: Malaysian SMEs and innovation

WITH low productivity hanging like a heavy mill around Malaysia's ambitions to be a developed nation and escape the middle-income trap, it is no surprise that the focus of the SME Corporation Malaysia is on executing its SME Masterplan 2012-2020. *"The entire basis of the master plan is productivity-driven and innovation-led, and we are putting in programmes and activities to energize the plan moving forward,"* says its chief executive officer Ms. Hafsa Hashim.

SME Corp is a government agency dedicated to developing the SME (small and medium enterprise) sector in the country, and was appointed the central agency for the SME Masterplan (PDF), which seeks to create globally competitive SMEs. Among the various initiatives outlined in the masterplan are six High Impact Programmes (HIPs), with two of them linked to technology and innovation. The six HIPs have been allocated a total budget of RM71.7 million (US\$17.7 million at current rates) for 2016. Out of that, HIP 2 (Technology Commercialisation Platform) will receive RM30 million (US\$7.4 million) and HIP 6 (Inclusive Innovation) will get RM6.5 million (US\$1.6 million).

The grant that recipients get allows them to file a patent for their product, run a proof-of-concept (POC), and to commercialise their product, according to Ms. Hafsa. As an example of the Inclusive Innovation programme, she points to how SME Corp is helping commercialise a pineapple-peeling machine. *"It is not rocket science but solves a real need in that it can peel 100 pineapples in 30 minutes, and was invented by a farmer. This is how we try to facilitate an innovation and take it to the next level,"* she adds, arguing that automation, innovation and commercialisation are interlinked.

The pineapple-peeling machine is one of eight products that made it to the final stage from 262 innovations looked at from January 2015 to January 2016. Under HIP 2 (Technology Commercialisation Platform), from May 2014 to January 2016, 594 products were screened, with 62 approved for funding with seven already completed and commercialised. What's even more impressive is that 100 pieces of intellectual property (IP) were registered and transferred to industry for commercialization, with their use eventually leading to higher automation, says Ms. Hafsa.

ICT impact on SMEs

A recent survey conducted by SME Corp with 2,000 SME respondents on their levels of ICT adoption reveals a mixed bag. While Ms. Hafsa felt that the use of digital devices – tablets, laptops, smartphones and desktops – was acceptable at 85.4%, the 78.8% level of Internet adoption was cause for concern, considering how almost every business has to be online for marketing, discoverability and communications purposes. But it is the low level of SMEs doing business online that has her really concerned. *"Only 19.6% of our SMEs are conducting e-commerce, and we constantly find that they still have a lot of scepticism over the medium – with their main concern over the issue of trust,"* she says.

Research by the OECD (Organisation for Economic Cooperation and Development) also reveals that Malaysia's e-commerce growth ranges from 10% to 15% a year, which is below the 20% to 25% rate that is required to reach 'world-class level.' On the bright side, Ms. Hafsah sees lots of potential for Malaysia to grow its e-commerce base, and she plans on doing this by solving another problem: The relatively low level of female participation in the workforce.

"We have created a 'netpreneur' (Internet entrepreneur) programme specifically targeting housewives, including those who were former executives who turned their back on their corporate careers to focus on their children. Our programme, called Hearts for Housewives, helps bring them back into the economy while starting an e-commerce business from home to generate some additional revenue for the family. And actually some of them have even started generating more income than their spouses," says Ms. Hafsah, clearly delighted at being able to lure this latent talent back into the workforce.

'Stubbornly' low productivity rates

Ms. Hafsah's delight here is tempered by her frustration over the "stubbornly" low productivity rates in SMEs. Those rates have been chronicled often enough. An OECD report on structural policy in Malaysia quotes a 2012 National SME Development Council report on SMEs which face increasing difficulties in recruiting and retaining skilled workers at the technical, supervisory, and managerial levels.

If the talent situation is left unchecked, Malaysian SMEs would face steep challenges when it comes to growth. Perhaps no-one is more familiar with the challenges SMEs face in raising productivity than Ms. Hafsah, who gives a rating of 2 out of 5 to their level of automation, chiefly due to the abundance of low-cost labour. No-one is more qualified to rate SMEs as well, given that Hafsah has held the CEO (chief executive officer) role since March 2005 – before SME Corp was established, she even led another SME-centric agency, Smidec (Small and Medium Industries Development Corporation), as its CEO. *"We have been trying to get industry, especially SMEs, to increase their productivity through automation with policy tools since the 1990s,"* she says.

Under the 9th Malaysia Plan for instance, which ran from 2006 to 2010, a soft loan was introduced for companies to purchase equipment to increase their automation. But what happened was that they took the loans and instead of replacing a manual production line with automated ones, just added the automated line to their existing manual ones. *"We did not see a declining rate of labour among those who took loans. As a result, our attempt to reduce the workforce via automation did not work then,"* Ms. Hafsah laments. She is also familiar with efforts made by the palm oil industry to reduce labour through automation. *"As a member of the Palm Oil Development Board back in 1992, we were already talking about mechanising the harvesting of the fruit, and had a mechanised pole that had won innovation awards. "But the oil palm companies did not want to use it – so to say that we [the Government] did not prepare or work on promoting automation is wrong,"* she stresses.

What has crippled all previous efforts has been the availability of cheap, low skilled and abundant foreign labour, she argues. Even the focus of moving manufacturing up the value chain in the Industrial Master Plan 2 from 1996 to 2005 – through what Hafsah calls Manufacturing Plus Plus – did not move the needle much.

Adding higher value-add properties to manufacturing through design, branding

and productivity however relies on a highly skilled workforce. Again, most Malaysian companies were found to be lacking in their desire to invest in higher skills training – and the higher salaries that are commensurate with such skills – not to mention the upfront capital investment in machinery as well. *“You just cannot move up the value chain without a skilled workforce, and even with the Manufacturing Plus Plus goal in the Industrial Master Plan 2, we went back looking into the cries of the construction and plantation sector,”* says Ms. Hafsah.

With those earlier policy moves not being successful, injecting automation, technology and innovation into SMEs are tools too critical to be left to industry to adopt, especially in Malaysia, with the cushion of abundant and cheap low-cost labour acting as a huge disincentive. The Singapore Government has provided a timely reminder of this in its recent Budget 2016 with its heavy focus on automation, especially robotics, and ICT to help its companies increase their competitiveness. However, Singapore’s motivation is the polar opposite of Malaysia’s – as the world’s most expensive city, its SMEs have to squeeze out all the efficiency they can from their manufacturing or business processes.

PAKISTAN



Federal secretary for industries and production Mr. Muhammad Arif Azim inaugurated dialogue at consultative forum on “export led value chain development for employment & growth”

The speakers at Stakeholders’ Consultative Forum organized by the Federal Ministry of Industries and Production (MoIP) have recommended exploring Dairy, Horticulture, Fisheries and Light Engineering sectors to expedite the export-led value chain development for employments and growth in the country. The two-day Consultative forum was opened today at The Marriott (Islamabad) with assistance of the Small and Medium Enterprises Development Authority (SMEDA) to compile recommendations on “Export-led development of employment and growth”. The forum was conducted under auspices of European Union funded Trade Related Technical Assistance (TRTA-II) Programme, implemented by UNIDO in association with ITC and WIPO.

The Federal Secretary for Industries & Production Mr. Muhammad Arif Azim inaugurated the Dialogue. He said that it is very important to discuss the gaps and issues faced within these sectors so necessary steps can be taken to overcome them and this will take Pakistan’s trade further at a global level. He also thanked all partners and stakeholders for their invaluable efforts; specially EU, UNIDO and SMEDA for supporting such initiatives. European Union Delegation to Pakistan’s representative Mr. Johan Sorensen and UNIDO representative to Pakistan Mr. Esam Alqararah also participated in the Inaugural Ceremony. Mr. Sorensen appreciated all the partners’ efforts and highlighted the impact it would have if the issues were effectively resolved on overall economy of the country. Mr. Alqararah shared UNIDO’s vision on Export-led development and the efforts UNIDO is making to promote employment and growth in Pakistan. Mr. Steffen Kaeser from UNIDO also participated in the forum discussions.

The main focus of the forum was to highlight key achievements made by the TRTA programs since 2004 and as it approaches closure in May 2016, what areas related to employment generation and pro-poor and rural development may be addressed as next steps to build on TRTA successes. These interventions would be in line with the government's Vision 2025 agenda.

This Forum was attended by more than 25 participants from public and private sectors, including the representatives from Ministry of Commerce, Ministry of National Food Security and Research, Ministry of Science and Technology, Ministry of Port and Shipping, Economic Affairs Division, Planning Commission, Pakistan Council of Scientific and Industrial Research (PCSIR), Trade Development Authority Pakistan (TDAP), Pakistan Institute of Trade and Development (PITAD) and “Aik Hunar Aik Nagar” (AHAN). From the private sector, representatives from the Fisheries Development Board, Fan manufacturers, light engineering goods-automotive parts, dairy and horticulture sectors. Mr Noman Wazir from KPK and Eng. Jabbar provided keen insight on the needs and development of the industrial sectors.

As an introduction to the debate, SMEDA CEO Mr. Muhammad Alamgir Chaudhry gave a presentation on SMEDA sector studies, which was followed by overviews on Vision 2025 and TRTA achievements. The speakers were of the unanimous view that export oriented sectors of the small and medium industries should be provided with the necessary support to fill in the gaps in production and marketing so as to compete in the export market. They acknowledged that the 13 sectors identified by SMEDA for generating new space for exports and employment generation could play a pivotal role in raising national exports and job opportunities in the country.

The speakers in this regard, recommended to apply SMEDA's SME Development strategy, targeted to generate 10 million new jobs with an addition to the exports worth US\$ 36 million within five years. Majority of the speakers agreed on a cluster based development approach of SMEDA to promote economic development of the country by improving the competitiveness of designated business sectors; Logistics, ICT & Allied Services, Gems & Jewellery, Horticulture, Construction, Fisheries, Energy, Dairy & Livestock and Engineering. The forum has also recommended to make the SME sector more competitive through common facilities, training centers, and benefits of the clusters' scale by resolving the issues to be faced in financing and marketing.

It is notable that the Ministry of Industries and Production (MoIP), through SMEDA is assisting in employment generation and value addition to the national income by helping increase the number, scale and competitiveness of SMEs and providing an enabling environment and business development services to small and medium enterprises. Further SMEDA, being a subsidiary body of MOIP is not only an SME policy-advisory agency for the Government of Pakistan, but also facilitates other stakeholders in addressing their SME development agendas.

The key output of this 2-day forum is a concept note, strategic paper on key areas of intervention in specific sectors, that may be used as a template for development of project documents that the government can then use to mobilize both national and international funds.

PHILIPPINES



DTI sees increased investments, enhanced exports under new STM Law

“Enacting an effective strategic trade law will provide greater opportunities for the Philippines to increase investments in the manufacture, assembly, and export of strategic goods,” said the Department of Trade and Industry (DTI) Undersecretary, and Board of Investments (BOI) Managing Head, Mr. Ceferino S. Rodolfo.

The Strategic Trade Management Act (STMA), also known as Republic Act 10697, was signed into law by President Mr. Benigno Aquino III in November last year. Among its key provisions is the creation of a Strategic Trade Management Office (STMO), an office under the administrative supervision of the DTI, which will be in charge of the registration of persons who intend to engage in trade of strategic goods as well as the issuance of licenses for the export, import, transit, transshipment re-export or reassignment of strategic goods.

Mr. Rodolfo said that the strategic trade legislation will provide manufacturers from electronics, chemical, and aerospace industries in the country vast opportunities to increase their production and exports of high-value strategic goods, either by expanding their operations or attracting new investors.

Strategic goods refer to products that, for security reasons or due to international agreements, require regulation and control. These include accelerometers that are components used in cell phones; carbon fiber used as a material in sporting goods; nitric acid, a chemical that is used in fertilizers; and triethanolamine, a chemical used in cosmetics.

The adoption and implementation of a STM Law complies with the Philippines’ foreign policy, national security interests, and commitment under the United Nations Security Council Resolution 1540. The resolution obliges all members to develop and enforce appropriate legal and regulatory measures against the proliferation of chemical, biological, radiological, and nuclear weapons and their means of delivery to prevent the spread of weapons of mass destruction.

“Facilitating secure and safe trade in strategic goods will also contribute in domestic efforts to counter terrorism, control crime, safeguard public safety, and increase revenue collection as smuggling and trade diversion will be substantially minimized,” said Mr. Rodolfo.

The DTI, together with the Anti-Terrorism Council and other relevant agencies, are currently crafting the law’s implementing rules and regulations (IRRs) which will be released by 1st semester of this year. *“We are certain that there will also be an increase in demand for highly skilled workers such as engineers and scientists,”* added Rodolfo. He said that the manufacture of strategic goods require people possessing technological knowhow and expertise

RWANDA



Barcoding system to easy doing business in the country says Mr. Kanimba

The minister for trade and industry, honorable Mr. François Kanimba says that the barcode system to be introduced in the Rwanda will easy doing business in the country.

The minister for Trade and Industry, Mr. François Kanimba disclosed this in a one day breakfast meeting which converged more than 100 local manufacturers and owners of different enterprises in the country, yesterday at Lemigo hotel.

“The fact that Rwanda did not have a barcode had been an impediment to the promotion of our exports in the country and the time has come to establish a barcode system in Rwanda for various business reasons since it is part of facilitating doing business in the country,” Mr. Kanimba said .

“Our country is recognised to be one of first growing nations which embraces technology in different sectors; Using a barcoding system as you will see today is also part of modernising our trading system in the country. Actually, we have delayed but we are now prepared to catch up” Mr. Kanimba added.

Barcodes are often overlooked as a method for cutting costs and saving time. A valuable and viable choice for businesses looking to improve efficiency and reduce overhead, barcodes are both cost-effective and reliable.

Addressing journalists, the Chief Executive Officer of the Private sector Federation (PSF), Mr. Stephen Ruzibiza said that Barcodes to be established in Rwanda are for trade promotion, traceability management, supply chain improvement and easing doing business in Rwanda for local enterprises/manufacturers and urged support from participants in order to get a sustainable business services for GS1 Rwanda once established. *“Without a barcode, it is difficult for the products to have access to a modernized/advanced supermarkets or pharmacies since the machines being used cannot recognize the products when sells are taking place,”* Mr. Ruzibiza said.

The Global standards one(GS1) to be introduced in the country will ensure the traceability of the products ,quality, supply chain management, safety, trade facilitation of different types, size, color, season, faster store checkout and Accurate product information according to Charles Rutagengwa, expert from International Trade Centre (ITC).

The GS1 to be introduced in Rwanda is dedicated to developing and implementing a system of standards and solutions to improve efficiency and visibility of supply and demand chains globally and across multiple sectors. The GS1 System of Standards is the most widely used system of supply chain standards in the world. The establishment of bar codes in Rwanda will ensure that fake barcodes are eliminated in the country and it will also ensure that two different products do not have similar barcodes. The bar code is also expected to boost Rwanda’s exports on

international market. "A bar code system is a private business; the Govt is ready to make sure that everything goes smoothly by facilitating the application process towards the establishment of a barcode system in Rwanda," Mr. kanimba said.



SOUTH AFRICA

Local manufacturers get R54bn of tenders

Tenders worth R54 billion have been awarded to local manufacturers and suppliers in the past year, says Trade and Industry Minister Mr. Rob Davies. Speaking at the Buy Local Summit hosted by Proudly South African earlier this week, Minister Davies said more than 160 tenders went to local manufacturers and suppliers in the country.

According to the Minister, the increase in local tenders going to local manufacturers is due to the support of government in the Preferential Procurement Policy Framework Act, which designates specific goods that should be locally manufactured. These tenders, said the Minister, include local components manufactured for locomotives and buses.

"These 2011 designated products also include rail rolling stock, bus bodies, the textile, pharmaceutical, clothing and leather sector, power valves, steel conveyance pipes, electrical and telecommunications cables and set-top boxes. There are more designated products in the pipelines for fruit products and steel," explained Minister Mr. Davies.

The Buy Local Summit serves as a platform for government and business to provide feedback on local procurement efforts and the influence it has on job creation. The summit also provides an opportunity for government and corporate businesses to access the Proudly SA member companies, with some 200 exhibitors showcasing their products and services at the Expo.

The Minister praised the Passenger Rail Agency of South Africa for awarding a tender to Alstom to manufacture more than 7 200 coaches locally at a cost of R123 billion that will see the company creating more than 8 000 direct jobs. *"Transnet also awarded a total of R50 billion in contracts to a number of local companies to build 1 064 electric and diesel locomotives in South Africa that were mainly imported during the 2010 World Cup. This has also led to all the buses that are being procured by municipalities for rapid transport being made and procured in the country,"* added the Minister.

The Minister urged local consumers to support, buy and consume local products and goods in order to create jobs and grow the economy. South Africa needs to move away from just government procurement, the private sector also needs to take decision in favour of local goods and products. Minister Davies also encouraged ordinary consumers to learn a few tricks and pay attention to products that display a country of origin. He said if a product bar code doesn't start with 600, then the consumers must know that the products or goods are imported.

SINGAPORE



SBF looks forward to working with the Government on Budget's focus on economy and enterprises to help businesses

The Singapore Business Federation (SBF) looks forward to working with Government on a targeted Budget 2016 that recognizes the importance of innovation, scaling-up and internationalization. It is a realistic Budget aimed at economic transformation for the longer term.

"This year's Budget includes a good mix of SME-centric measures. We appreciate the government's recognition of the challenges SMEs are facing. The Business Grants Portal is a step in the right direction to streamline access to grants from various Government agencies. We also welcome the Automation Support Package that will help SMEs in their transformation and restructuring efforts." Mr. Lawrence Leow, Chairman, SBF-led SME Committee

"SBF is encouraged by a prudent and forward-looking Budget that addresses near-term concerns and yet transforms companies through enterprise and innovation. The Government's desire for businesses to scale-up and transform is very clear through the measures aimed at enterprise, industry and people. Initiatives such as the Industry Transformation Programme and the National Robotics Programme will play critical roles in growing new industries and building our future-readiness. We look forward to a closer partnership with the Government on these new programmes. We also urge businesses to remain focused and confident amid the current headwinds." Mr. S.S Teo, Chairman, SBF

Together with other TACs, SBF welcomes the LEAD Plus Programme to strengthen our capabilities, processes and services which will in turn benefit the industries.

In addition, SBF and SBF Foundation welcome the Government's initiative to provide tax deduction for donation of services to companies. We encourage companies to make good use of the tax deduction by offering their services to charities in practical ways and integrate their corporate social responsibility efforts into their business. Through this, we believe that the charity sector will greatly benefit from the business community's contributions.

However, not all businesses' expectations are met. There is some disappointment with the limited measures to reduce business costs. We were also expecting a broader foreign worker levy deferment.





World Association for Small and Medium Enterprises (WASME) is a global non-profit organization headquartered at Noida, India that has been spearheading the cause and development of Small and Medium Enterprises (SMEs) world over since its inception in 1980. Over three decades, WASME has emerged as one of the most representative, effective and leading international organizations, working towards the promotion of SMEs worldwide through policy advocacy, information dissemination, conferences, seminars, events, trainings, publication, network linkages and many **more**.

WASME enjoys consultative status with concerned agencies in UN system such as **ECOSOC, UNCTAD, ITC, WIPO, UNIDO, UNESCO, UNCITRAL, UNESCAP and ILO**, several intergovernmental and international organizations like **WCO, OECD, ICSB, APEC, APCTT, etc.**

WASME's fortnightly SME e-Bulletin "**WORLD SME UPDATE**" aims to keep abreast its readers with latest information on various developments taking place in SME sector around the globe. If you have any news/ information on the issues related to Government policies & programs and latest developments in the SME sector i.e. technology and innovations, success stories, case studies, research and methods, planning and programmes, training and developments, finance and management, and marketing that you would like to share with the world SME community, please do send those to us at.

We always welcome your valuable feedback/comments on the SME e-Bulletin to further enhance our services on information dissemination. Hence, please send us your valuable guidance and meaningful articles as a regular contribution to SME e-Bulletin and our website in the larger interests and benefits of SMEs world over.

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