



# World SME Update

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

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## ARGENTINA



### **Banco Provincia totals more than \$ 900 million in loans for SMEs with reclaimed rates (or subsidized) by the Ministry of Production**

Banco Provincia and the Undersecretary of the Ministry of Production Finance signed an agreement of \$ 200 million for a line of credit for production and financial inclusion of micro, small and medium enterprises.

The agreement signed by the chairman of the bank, Mr. Juan Curuchet, and Finance Undersecretary Mr. Alfredo Marseillan, includes a credit line of \$ 200 million will be earmarked for the acquisition of capital goods, construction and / or acquisition of galpones for industrial, investment and working capital associated with investment projects.

The new credit line will have a reduction Province of 4 percentage points, which more than 2 points are subtracted for financial inclusion for those MSMEs that have not received financial assistance during the past 12 months by an amount exceeding \$ 1,000,000 . Thus, the interest rate is reduced to 18%, or 16%, from the bonus granted by the Ministry of Production.

The amount is in addition to the \$ 700 million awarded to the Buenos Aires public banks in the tender for working capital on August 30, and \$ 65,146,580 corresponding to the tender of 30 June for investments and acquisition of capital goods.

In total, the Undersecretary of the Ministry of Production Funding awarded to Banco Provincia \$ 965,146,580 to assist SMEs with loans with subsidized rate.

## AUSTRALIA



### **Business welcomes consultation on R&D tax review findings**

The Government's approach to recommendations from the R&D Tax Incentive Review is sensible and measured, the Australian Chamber of Commerce and Industry said today.

James Pearson, CEO of the Australian Chamber, said: "We welcome the Government's decision to consult industry on the recommendations of the R&D Tax Incentive Review.

The R&D Tax Incentive is Australia's largest source of public support for private investment in innovation and knowledge-creation, so getting the design right is crucial. But businesses also want stable policy because frequent changes in eligibility rules undermine long-term investments in R&D.

With 10 per cent of scheme costs going to administration and compliance, the Review's recommendations to improve administration and give businesses greater guidance on eligibility are welcome. Recommendations to provide a premium for collaboration, introduce R&D intensity rules and limit cash refunds will need to be considered more closely.

We support the Review's focus on encouraging additional R&D and maximising public spillovers. But Australia ranks third last in the share of business R&D financed by government, so the overall level of public support for business R&D should not be reduced.

The Review suggests curtailing rapid growth in claims by start-ups due the higher-than-expected cost, but this could be evidence of success. The Review's own modelling suggests that support for loss-making small and medium enterprises provides the highest net benefit and level of additional funds.

Any changes to R&D tax arrangements need to be considered in the context of overall public support for innovation.

Government should also remain focused on improving the broader business operating environment. The best way to encourage more business R&D is to make Australia a more competitive place to do business."

## CHILE



### Concepción is the second region to join the new platform Enterprise Desktop

The Minister of Economy, said that with this new tool seeks to promote entrepreneurship to simplify and expedite the completion of procedures to open and operate a business, and improve state management. Among the main benefits of this initiative is the reduction in time and costs of starting a small company, which is 174,000 less pesos.

This morning and over a hundred against authorities and entrepreneurs in the area , the Minister of Economy, Development and Tourism, Mr. Luis Felipe Céspedes, announced the addition of the Municipality of Concepcion to the Desktop Enterprise program ( [www.escriptorioempresa.cl](http://www.escriptorioempresa.cl) ), a pioneering initiative which brings together a series of steps that facilitates and speeds the creation and operation of a business.

With this, Concepción is the second region and the third municipality nationwide (Santiago and Independence) to have this digital platform that seeks to improve the management of the State, through better coordination of public bodies and incorporating technology to make making more efficient procedures.

In the activity, which was also attended by the mayor of Concepción, Mr. Alvaro Ortiz and Seremi of Economy, Ivan Valenzuela, Secretary of State appreciated that in the commune, last year 2,921 companies were created, of which 37% were around trade.

While acknowledging the willingness of the community to integrate the system, Mr. Céspedes said that *"a businessman, an entrepreneur not only faces the challenge of starting the company in one day, but also get all the necessary permits to operate. That's what makes Enterprise Desktop, consider that there are chains of formalities to be fulfilled and develop and that is what we will find on the digital platform."*

With Desktop Enterprise, the Ministry of Economy seeks to promote entrepreneurship through the simplification of the steps to be performed to start a business. Thus you end up with multiple virtual and windows and a single window is created for, so far, 13 procedures of national and four community level procedures.

Among the main benefits of this platform is reducing costs and time that SMEs must allocate to start your business. Previously, an entrepreneur spent about \$ 229,000 to open a business, while with Enterprise Desktop only \$ 55 thousand, ie 76% less is spent.

*"This initiative aims to reduce the time and costs for SMEs to start and operate your business. For example, if you want to make a change in the rotation or need a building permit, that implies time, so it is important to have a platform that covers all the paperwork associated companies,"*said Mr. Céspedes.

Since Desk Company took effect last June, it has had more than 274,000 visits. By the end of 2016 they are expected to add 40 municipalities in six regions conduct your business license and entry into operation of 19 other procedures.

## Support for SMEs

During his visit to Concepción, Secretary of State also met with the directors of the Business Development Centers (CRC) Concepción, Los Angeles and Chillán, to assess progress, challenges and projections of the centers.

On the occasion, the authority said that *"to strengthen micro, small and medium enterprises have to do multiple things as management and support. For that we have, we have a tremendous initiative are the 35 Development Center Business installed in the country, seeking to give free advice to improve their businesses and jobs"*.

NDCs are open spaces where technical specialists deliver free advice to entrepreneurs and SMEs that will allow them to develop a business plan to increase productivity and sales business.

## DENMARK



### Weak business confidence and mismatch stresses need for reform

Statistics Denmark has just published survey data for Danish industry until September this year. And the figures show that it is time to reform.

In August we saw a trend of declining business confidence both in industry and construction. The trend of declining industrial confidence continued in September, and the confidence indicator for industry fell to -8.

Today's figures show so that the business cycle is not in any great degree with the industry. The weak industrial cycle should be seen in light of the fact that global growth is far from flashy. Global growth forecast is the lowest since the financial crisis in the OECD's latest forecast projected global growth of less than 3% this year, which is the lowest since the financial crisis raged. It does, of course the Danish industry. In construction rose sentiment indicator to -7 from -9.

The construction confidence indicator is so low is in many ways a paradox that is fine progress in construction - and progress is now so clear that 24% of construction firms reporting a shortage of labor. Congestion underlines the need for reforms, we must return to overheating in 2005 -2007 to find a similar high level of bottlenecks related to construction.

The clear tendency to bottlenecks in the construction industry emphasizes that there is no need for fiscal stimulus - there is a need for the opposite. Even though interest rates are low, so it is not now that you have to put major new infrastructure projects started without having carefully weighed the risk that it may push for an increasing imbalance in the labor market in the construction industry.

In the retail and service are business surveys higher - but seen here in return a clear downward trend in confidence indicators in recent quarters. It does not bode well that the more domestic-oriented industries also look delicate when global growth at the same time is so low that it hit the industry.

The overall picture for Danish businesses in other words, not very uplifting. There is a trend of declining optimism. In other words, nothing to suggest that we are on the way out of the growing crisis, which we have found ourselves in for almost 10 years. In addition, these figures highlights that there is no need for traditional expansionary fiscal policy - the need for structural reforms.



## GERMANY

### Setting the course for the energy transition: "Electricity 2030" discussion launched

What do we need to do in the coming years to lower the costs of the energy transition in the electricity sector? How can we use electricity in a climate-friendly way for heating, transportation and in industry? These are the first questions asked by the "Electricity 2030" discussion paper, with which the Federal Ministry for Economic Affairs and Energy has opened a debate on the tasks of energy policy in the coming years. The paper outlines twelve long-term trends in the electricity sector on the basis of current studies. The trends show that wind and solar energy are having an increasing impact on the energy system, gradually becoming the most important energy sources while remaining secure and affordable. These trends are the basis for determining the tasks of our energy policy for the coming years.

State Secretary Mr. Rainer Baake said: *"This government has made great progress in the energy transition with the 2017 Renewable Energy Sources Act, the Electricity Market Act and the Act on the Digitisation of the Energy Transition. We are now looking further ahead. We are aiming to largely cut out harmful greenhouse gas emissions by 2050 by investing in efficiency technologies and renewable energy sources. To do this, we need to start significantly reducing our total energy consumption. We can only do this if we optimise energy use in all sectors. Most of the remaining energy demand will be covered by renewable energy, mainly from wind and solar power. The "Electricity 2030" discussion paper explains how this can be done in a secure and low-cost way. In order to have a real Electricity Market 2.0, we must make the electricity system more flexible and European. In fact, the Electricity Market 2.0 will become a part of the Energy Market 2.0: we will increasingly use renewable electricity to drive our cars, heat our homes and operate our industry."*

State Secretary Mr. Machnig said: "As we do this, we will make sure that Germany's competitiveness is maintained. This can help the energy transition to become a true modernisation and investment programme for Germany!"

The Federal Ministry for Economic Affairs and Energy plans to work together with the stakeholders and the public as it paves the way from the Electricity Market 2.0 to the Energy Market 2.0. The publication of the discussion paper is the beginning of a wide debate which the Ministry has been holding in the energy transition platforms for the electricity market and energy grid since September 2016. The paper is also being discussed in the Ministry's other relevant forums.

## GEORGIA



### EBRD and EU join forces with Bank of Georgia to help Georgia's private sector reach new opportunities

On 21<sup>st</sup> September, 2016 EBRD jointly with the EU and a local partner bank – Bank of Georgia held a conference in Tbilisi’s TechnoPark to introduce to the local Small and Medium Sized enterprises the new EBRD-EU financing facility.

Implemented by the Bank of Georgia through credit lines, the facility aims to support SME development in the context of Association Agreement/the Deep and Comprehensive Free Trade Area (DCFTA) allowing the companies to take full advantage of the opportunities offered by the DCFTA.

The main objective is to support the modernization of local SMEs in accordance to AA/DCFTA requirements. The facility will help local SMEs invest in improvements to product quality and modernise their services to meet EU standards. This in turn will create an environment that is beneficial to cross-border trade and economic growth in Georgia. The EU will provide interested SMEs with investment incentives of up to 15 per cent as well as technical assistance in the form of advisory services from international consultants and the EBRD’s Advice for Small Businesses.

About 200 representatives of the Georgia’s private sector gathered to learn about this product scheme, how it works and how the local businesses can access these schemes.

The establishment of a free-trade area is part of the EU’s Association Agreements (AAs) with Georgia signed in 2014. It will offer local firm’s access to the EU Single Market, the world’s largest free-trade area, and help boost economic development and growth in Georgia.

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Furthermore, the financing package will increase access to credit in local currency and specifically support businesses that are managed or owned by female entrepreneurs for better access to finance, know-how and advice.

This is a very attractive financial package for Georgian SMEs and banks for the following reasons.

- Loans to SMEs are in local currency, which is very important for local enterprises.
- The loans have a tenor of up to five years, with a two-year grace period.
- Cash-back investment incentives of up to 15 per cent are available for SMEs.
- First-loss risk cover guarantees up to 10 per cent of the loan portfolio of eligible SMEs.
- Technical advice is available free of charge for these SMEs, from international experts.
- The package includes support for investment in new technologies and equipment.

This is the first phase of the planned EBRD-EU programme under which the EBRD is working with local banks to help businesses further invest in improving product quality and service standards.

Mr. Bruno Balvanera, EBRD Director for the Caucasus, Moldova and Belarus, said: *“The Deep and Comprehensive Free Trade Area with the EU opens up an important new market to Georgian companies. The EBRD is ready to help local SMEs become more competitive on regional markets with the provision of long-term local currency financing. We are grateful to the EU, our largest donor, for its continuing support for the implementation of such an important initiative. The EBRD is committed to supporting businesses and companies in Georgia through investment, know-how and policy dialogue with the government to help the economy make the most of new market opportunities.”*

Since 2011 the EU has also provided funding to the EBRD’s Advice for Small Business to boost the know-how of entrepreneurs seeking to grow their businesses in the European Neighbourhood region. Both programmes are part of the EU4Business initiative, which supports EU projects to back SMEs in Eastern Partnership countries.

With its local presence and 25 years of experience in working to develop the private sector in Georgia, the EBRD is in a strong position to successfully promote this project. The EBRD is the largest institutional investor in Georgia and has invested €2.6 billion in the country..

## HUNGARY



### Taxation policy a major contributor to good economic results

We have a new tax authority that has become capable of assisting the expansion of the Hungarian economy through its own tools, Minister for National Economy Mr. Mihály Varga said at the first National Tax Consultation conference, organized by the National Tax and Customs Administration (NAV) and the largest tax consultancy firms in Budapest.

Deputy Minister and NAV President Mr. András Tállai said that they are aiming to create a client-friendly tax authority that is modern even in international comparison, which clients regard as a partner and not something to be afraid of.

The achievements of the Hungarian economy have recently been acknowledged by the European Commission, the OECD and two out of the big three credit rating agencies, Mr. Mihály Varga pointed out, adding that current results could not have been reached and future plans will not be realizable without the proper coordination of economic and taxation policies. The recent reorganization of NAV has been aimed at creating an authority with a new attitude: one which handles clients as partners and which helps private persons and enterprises alike in matters of taxation, easing their administrative burdens and shortening time-consuming processes.

Taxation policy continues to be focused on families, workers and SMEs, Mr. Mihály Varga said. In coming years, the Government aims to further reduce the overall burden of taxes and contributions as much as the budget and competitiveness aspects allow, but international models must also be taken into consideration.

Among priority areas, the Minister mentioned the fight against tax fraud and efforts to create more economic transparency. The introduction of the road transportation control system (EKAER) and on-line cash registers have also been instrumental for an increase of HUF 550bn (EUR 1.7bn) in budget revenues in 2015 compared to the prior estimate.

Private persons have also benefited from lower administrative burdens, as next year the NAV is to prepare the tax returns of 4 million people, he stated.

## INDIA



### Minister of Industry, Small and Medium Industry Push Grows Through Digital Means

Thirteen nations are participating in the South Asia Biosafety Conference (SABC) at Hyderabad, to share international experience amongst scientists and regulators in biotechnology, environmental risk assessment and biosafety regulation in South Asia. The three-day annual event will cover wide-ranging topics being covered in biotechnology R&D and biosafety.

In her opening address, Additional Secretary, MoEF&CC and Chairperson, Genetic Engineering Appraisal Committee (GEAC), Dr. Amita Prasad, said that India has a robust regulatory framework for ensuring biosafety of all types of genetically engineered organisms under the Environment (Protection) Act, 1986. She pointed out that these regulations are supported by a series of guidelines to deal with various aspects. Dr. Prasad emphasized that capacity-building and sharing of experience has to be a continuous activity to ensure effective implementation of the biosafety regulations. Such activities also help in increasing awareness and creating an environment of understanding among various stakeholders. Appreciating the research efforts in biotechnology, she commended the research institutions for their R&D initiatives towards developing newer products relevant to the national needs.

In his keynote address, Vice President, National Academy of Agricultural Sciences (NAAS), Dr. Anupam Verma, emphasized that the modern world is facing enormous challenges to achieve food security. In the backdrop of increasing demand for food, dwindling natural resources and increasing biotic and abiotic stresses as a result of intensification of agriculture and climate change, the world has no option, but to accelerate utilization of the available and emerging technologies for improving world food production. He stressed that agriculture biotechnology is a powerful tool for addressing the emerging challenges, as already demonstrated by the fast adoption of such technologies in dealing with biotic and abiotic stresses. He advocated better

coordination among various ministries including agriculture, health and environment.

More than two hundred participants from Australia, Bangladesh, Bhutan, Cambodia, Iran, Japan, Kenya, Philippines, Sri Lanka, South Africa, Tajikistan, and USA are participating in the Conference. The inaugural session also witnessed the release of Environmental Risk Assessment (ERA) guidance documents, recently adopted by the Indian regulatory authorities to strengthen the ERA process. This is the fourth Conference, with the first three Conferences being held in New Delhi, Sri Lanka and Bangladesh. SABC is organized on an annual basis in the South Asian region by ILSI Research Foundation, and Biotech Consortium India Limited (BCIL) under the South Asia Biosafety Programme.

The International society of biosafety research (ISBR) has supported a poster session and a lighting round for young researchers with awards for best posters in biosafety. 37 posters by participants from various countries have been put up for display

## JAMAICA



### Acting Permanent Secretary Mr. Budhan Calls For Increased MSME Financing

Acting Permanent Secretary in the Ministry of Industry, Agriculture and Fisheries, Mr. Reginald Budhan is calling for an explosion of small business and smallholder activities across the region.

He was speaking on September 26, 2016 at the opening session of a two-day Regional Agri-Value Chain Forum organized by the Inter-American Institute for Cooperation (IICA) and held at Courtleigh Hotel, Kingston.

*"If we are really serious about facilitating access to credit, then the time has surely come for us to put our money where our hearts are. In plain language, as they say ladies and gentlemen – talk is not good enough."*

The Acting Permanent Secretary noted that the perceptions of serious lending risks and high costs of service delivery, among other limitations, are well-known barriers to the financing of smallholders. These barriers, he said, make it difficult and sometimes impossible for farmers to get a loan, thereby denying them a chance to grow their businesses and incomes.

Mr. Budhan noted that under the Agricultural Policy Programme (APP) funded by the European Development Fund (EDF) both lenders and borrowers can benefit in areas such as:

- Electronic tools to capture and manage agricultural development initiatives and business-related information in CARIFORUM
- Contract farming for onions and Irish potatoes

- Strengthening the capacities of small producers so that they can utilize appropriate sustainable production systems and technological (R & D) packages for certain commodities
- Promoting linkages between primary and value-added technologies and complementing on-going value-added MSME initiatives, which also involves training in value-added processes and product development
- Strengthening the capacity of MSMEs to increase the volume, quality, standards and differentiation of local value-added products, with particular focus on utilizing local or regional root crops and ruminants
- Expanding the product base of value-added products among member countries, and of course, cassava bread and cassava value added products
- Strengthening and facilitating regional dialogue

Mr. Budhan said he hoped the Forum would help to forge practical solutions in developing financing mechanisms that will not only increase access to credit for our MSMEs in general, but will also facilitate small agricultural producers, build value-added industries, and create new businesses eventually leading to more exports from the region.

## KAZHAKSTAN



### Measures adopted by the Government assisted in increasing production and employment in SMEs – Mr. K.Bishimbayev

It was noted that the infrastructural transformations under the program are directly related to business development. The effect of its' implementation in 2015 amounted to 1.3% in GDP growth, creating 125 thousand jobs. This year, the contribution of "Nurly Zhol" to GDP growth is estimated at 1.2%, providing 200 thousand jobs.

The Minister also noted that this year, businesses received direct support through targeted financing for working capital and refinancing of old loans, decreasing the cost of credit and the implementation of investment projects.

*"For this, at the instruction of the Head of State, 575 billion tenge has been allocated, of which 333 billion tenge has been placed in second-tier banks and other financial institutions. Business projects worth 141 billion tenge have been financed. In turn, for the implementation of the "Business Roadmap-2020" program 60.3 billion tenge was allocated this year. Today, 1080 projects worth 120 billion tenge have been subsidized", - reported the Minister of the National Economy.*

In addition, this year, under the program "Business Roadmap-2020", funds amounting to 4.5 billion tenge have been included in order to create six industrial zones in Aktobe, Kyzylorda, Almaty, the South Kazakhstan and Kostanai regions. Currently, there are 42 industrial zones in the country, 15 of which are operating and 27 of which are under construction. According to K. Bishimbayev, the measures that have been taken have allowed, in the current year, to increase the output of SME production by 0.3%, employment by 4.1% and SME loans by 35.8%.

"Due to the heightened credit activity of businesses, output in the construction, transport, agriculture and manufacturing industries have increased. In the exports structure, the share of non-primary goods also increased", - said Mr. K. Bishimbayev.

## **KOREA**



### **Korea unveils policy direction to strengthen competitiveness of steel and petrochemical industries**

South Korean economic ministries, including the Ministry of Trade, Industry and Energy, unveiled on Friday their coordinated plans to strengthen the competitiveness of steel and petrochemical industries, both of which face an oversupply issue.

A policy direction to sharpen an edge of the troubled shipping and shipbuilding is expected to be announced in October.

To maintain global demand for Korean steel and petrochemical products, the government will encourage and help reduce output of oversupply items in steel and petrochemicals and to upgrade their facilities in pursuit of higher value-added products.

In order to facilitate business reorganization of the two industries, the Ministry of Trade, Industry and Energy will offer them financial, taxation, and R&D support based on the Special Act of Corporate Revitalization act, which came into force on Aug. 13. In addition, the Ministry will support the steelmakers to explore new exports markets overseas.

For stronger steelmaking businesses, the Ministry will support the steel industry to develop new technologies, including the development of a hydrogen-powered, environment-friendly blast furnace, which can reduce CO2 emissions by 15 percent. While facilitating steelmakers to reduce facilities for steel plates used for shipbuilding, whose global demand has been falling, the Ministry will encourage them to concentrate more on developing high value-added steel plates for smart cars using titanium, magnesium and aluminum.

The government also called for a voluntary production cut of oversupplied products like terephthalic acid and technology upgrade in the petrochemical sector, which has been enjoying relatively better profits than steel, shipping and shipbuilding on the back of low oil prices.

## **RUSSIA**



### **Ministry of Economic Development has proposed to allocate in 2017 to 20 billion rubles to support SMEs**

Economic Development Minister Mr. Alexei Ulyukayev, speaking at the Council under the President of Strategic Development and priority projects, considers it necessary allocation of 20 billion rubles in 2017 to support small and medium enterprises, the ministry's press service reported.

*"This extensive program. We understand that the budget is limited. Therefore, we will try to use the minimal additional financial resources ", - said the minister. "However, still some financial support for this project as a priority need" - continued Mr. Alexei Ulyukayev.*

He said that it is a sum of 20 billion rubles for 2017 with the aim of unfolding the seven regional leasing center (10 bln.), Recapitalization "Corporation of SMEs' (8 billion rubles.) To exit with an additional amount of warranty support 60 billion rub., as well as the creation of a network of 230 specialized centers providing state support by the method of the window (2 bln.).

So far in the budget projections for 2017 laid much less money: about 7 billion instead of 11 billion rubles in 2016.

Mr. Alexei Ulyukayev also said that in the regions created an entire infrastructure to support entrepreneurship, working 650 infrastructure, including industrial parks, guarantee funds, micro-finance institutions, export support center, regional engineering centers.

Head of MED also informed that a draft law on support of small business and private business will be introduced before the end of this year. *"You gave an order for the preparation of the relevant law, which would be exempt from possible liability for so-called illegal business and of tax liabilities for a period of up to three years. Such an act is being prepared, and in the IV quarter of this year will be introduced ", - said Mr. Alexei Ulyukayev at the Council meeting. He noted that the main task of the government is to help small businesses in the shadow, legalized and come to light.*

## **SINGAPORE**



### **Lowest profit expectations in seven years and muted SME sentiment reflect challenging business environment**

According to the latest SBF-DP SME Index, small and medium enterprises are downbeat about the next six months, especially their level of profitability. The Overall Index fell by 3.3 per cent from the last quarter to a score of 50.2, the second lowest score in the Index's seven-year history. The lowest score of 50.0 was recorded just two quarters ago.

The Index measures the business sentiment of SMEs for the next six months (Q4 of 2016 and Q1 of 2017) and is a joint initiative of the Singapore Business Federation (SBF) and DP Information Group (DP Info). More than 3,600 SMEs were surveyed between July and August 2016 on their outlook and sentiment.

All six industries recorded a decline in their Overall Index Score, a trend observed six months ago. Transport/Storage registered the largest decline at 4.2 per cent, followed by Business Services at 4.0 per cent. The pessimistic outlook is driven by a worse outlook for profits, with five of the six sectors indicating they expect their profits to decline or incur losses in the coming two quarters.

Three other sectors – Commerce/Trading (49.9), Manufacturing (49.2) and Transport/Storage (49.7) – had scores below 50 this quarter, indicating they expect worse trading conditions during the coming six months than they are experiencing now.

Mr Ho Meng Kit, CEO of SBF, said “It is not surprising that SMEs remain largely pessimistic about their growth prospects, given the persistently tepid global and domestic economy. Brexit in June, which jolted financial markets initially, may have contributed partly to businesses’ weak sentiment for this round of the survey but we do not expect sentiment to improve anytime soon.”

*“The lowest profit expectations and second lowest Overall Index in seven years indicate that our SMEs are barely keeping their heads above water. In part, this reflects the constraints of operating in Singapore where costs are high. With excess capacity and sluggish demand, it has become tougher for our smaller businesses. We urge our SMEs to look overseas for growth especially in ASEAN which will enjoy good growth of 5.2 per cent over the next five years. Take your chances and venture overseas. The Federation stands ready to help our members internationalise. If you confine your business in Singapore, be prepared for a long period of low growth or even declining profitability.”*

Mr Lincoln Teo, Chief Operating Officer of DP Information Group, said the prospect of smaller profits is having an impact on the confidence of SMEs.

The Index profitability score of 4.76 means many SMEs will be anticipating profit challenges and possibly, profit contractions during the next six months. At the start of each year every SME leader sets a goal to be more profitable than the year before. This year, a range of factors have made this goal tougher to achieve.

The sluggish global economy, unfavorable exchange rates and rising costs have eroded the cost competitiveness of Singapore’s export growth, dragging down manufacturing and dampening growth. The strengthening of the Singapore Dollar against the Chinese Yuan and US Dollar has made Singapore’s exports more expensive.

Trading and Transport companies have become pessimistic in their outlook. Both these industries are heavily tied to volume of world trade which has seen only sluggish growth for the last two years.

*“Without optimism, SMEs are struggling to commit to new projects and new hires. This is confirmed by the Index, with SME business expansion plans and hiring intentions both weaker compared to the previous quarter,”* Mr Teo said.

## UBF SMEs Initiative rescues 1700 companies of a total exposure of around AED 7 Billion

The CEO Advisory Council of the UAE Banks Federation, the professional body representing 49 banks in the UAE, has held its third meeting of the year, today (September 20, 2016) (Monday Sep 19, 2016), in Dubai, to discuss a number of high priority topics impacting the UAE's banking sector. Top agenda items were the legislation of a UAE bankruptcy law, as well as progress made by the "modus operandi" (which was launched by the Federation earlier in the year) to support SMEs, among other vital topics. The meeting was chaired by HE Abdulaziz Al Ghurair, Chairman of the Federation.

CEOs discussed the recent approval by the UAE Cabinet of a UAE bankruptcy law. The Council welcomed the progress made in bringing the bankruptcy law into force, and recognized the mutual benefit it will bring both to banks and owners of businesses especially SMEs. They recognized the linkage between this development and the "modus operandi" formally initiated by the Federation earlier in the year by which lenders to SMEs experiencing repayment difficulties agree to a process to enable the companies to reschedule their debt and continue business as usual.

Members of the Council acknowledged the significance of the SME sector to the UAE economy and noted the important role that bankruptcy law are playing in other dynamic economies around the world. They also recognized that the existence of a bankruptcy law is a critical factor in both stimulating new entrants to the SME sector, as well as inward investment from overseas.

H.E AbdulAziz Al Ghurair, Chairman of the UAE Banks Federation, commented: *"We commend and welcome the legislation of the bankruptcy law, which the government has recognised as a pre-requisite to the country's future economic development, and as an essential tool to maintain the well-being of the business and environment economy. All banks were involved and responsible to consider every option to support their clients, and help them stay in business and succeed, especially SMEs which represent over 90% of the country's non-government GDP. Through UBF's SMEs rescue initiative, the "Modus Operandi", banks were able to put in place a total figure of AED 7 billion of outstanding loans for more than 1700 SMEs and Corporates, restructured and under negotiation to restructure. Our meeting also focused on other areas in which we can make a contribution for the same objective – namely to help build as strong and resilient an economy for the UAE as possible."*

The council also praised the progress done on the Mobile Wallet project indicated in the memorandum of understanding (MoU) recently signed by all 16 UAE equity partner leading banks, considering this as an important milestone in the development and implementation of the project. Further underscored the importance of customer service and enhancement of customer experience.

During the meeting, Stephen Jordan, Managing Director - Group Treasurer at NBAD, who is also a member in UBF Financial Markets committee, presented the committee's a paper which highlighted the changing role of regulatory reserves given the continuing developments in the international regulatory environment.

The meeting addressed also the progress so far on the work done in preparation for the Federation's 4th Middle East Banking Forum, which is due to take place in Abu Dhabi on 14th November and which this year will be on a the theme of "Transforming the Customer Experience".

**WASME ICSME 2016**  
International Conference on Small & Medium Enterprises  
TANZANIA

**5-7 DECEMBER 2016**  
Julius Nyerere International Convention Centre, Dar es Salaam, Tanzania

**NEW GLOBAL REALITIES**  
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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.

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**Editor, World SME Update**

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