



# World SME Update

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

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## ARMENIA



### **The information which is interesting for investors and entrepreneurs will become more transparent and available**

H.E. Eklil Hakmimi, Minister of Finance and Mr. Thomas Panella, Director of RA Ministry of Economic Development and Investments will cooperate with Business for Business (b4b.am) analytical center to increase the efficiency of the investment policy, as well as to improve the business environment.

RA Minister of Economic Development and Investments Suren Karayan and founder of analytical center Babken Tunyan signed a memorandum today (January 11, 2017), giving start to the cooperation.

Special attention will be paid to the materials intended for foreign audience, where will be presented Armenia's investment attractiveness, advantages, as well as successful business projects.

The introduction mechanism of B4B Pro system will be developed in the coming months. That system will allow investors and businessmen to get online comprehensive information about individual sectors of the Armenian economy, markets and companies.

RA Minister of Economic Development and Investments Suren Karayan emphasized that this example of cooperation between a governmental system and a private company, basically, is the first of its kind in our country.

The Minister expressed confidence that this cooperation will not only promote the availability, transparency of the information and attraction of investments, but also will become a positive impetus in terms of strengthening mutual trust between public and private sectors.



## AUSTRIA

### Ministry of Economic Affairs publishes new SME adviser for energy and environmental promotion

*Energy and resource efficiency saves company's costs and opens up new business - Leveraging eco-innovative business opportunities*

"Companies investing in energy-efficient systems save money and make a significant contribution to the sustainable use of resources, while increasing the number of business opportunities through innovative energy and environmental technologies is all the more important" Says Minister of Economics and Energy Mr. Reinhold Mitterlehner on the occasion of the publication of the updated "Guide to energy and environmental promotion in Austria".

At the Federal and Land level, around 70 energy and environmental subsidies with a volume of around 290 million euros are available. "Our brochure contains tips, success stories and funding information for small and medium-sized enterprises," explains Mr. Mitterlehner. The offer includes, for example, subsidies for thermal refurbishment, investments in energy-efficient company buildings, as well as support for the construction of photovoltaic systems and the consolidation of heat distribution networks.

In the efficient use of energy and renewable energies, Austria is in the top rank in European rankings. With a share of 33.1 per cent of renewable energy in gross energy consumption, Austria occupies the fourth place in the EU. In recycling municipal waste, our country is even the vice-European champion of 36 European countries, 59 per cent. "We are on the right track, but there are still many development opportunities, and we should use this potential even more," says Mr. Mitterlehner

The new guide for small and medium enterprises is on the immediate Homepage Ministry of Economy available.



## AUSTRALIA

### COSBOA Welcomes Small Business Minister's Push to Extend Instant Asset Write-off

The Council for Small Business Australia (COSBOA) welcomes the push by the Federal Small Business Minister, The Hon Michael McCormack MP, to extend the Australian Government's \$20,000 instant asset write-off for Australian Small Businesses.

COSBOA Chair, Mr. Paul Nielsen said that the policy continues to be effective on a number of levels. *“The instant asset write-off helps drive economic growth through encouraging small business people to invest in new business assets. We know this is happening,”* Mr Nielsen said. *“The policy also supports innovation, allowing Australian small business people to invest in renewing equipment which helps to increase productivity.”*

COSBOA members have consistently highlighted that the policy, adopted in 2015, has been beneficial for people in small businesses and has encouraged them to invest. *“Small businesses people are driving the Australian economy, employing over 4.4 million Australians”,* Mr Nielsen said. *“It is important that the Australian government continue to support small business people through policies like this.”*

COSBOA is concerned that the Government, with the Small Business Minister excluded from Cabinet, may forget the impact that small business people have in the lead up to this budget and entreats all members of Cabinet to support Minister McCormack in his advocacy for Small Business people.

*“We do not need to remind Ministers that they all have many Small Businesses people in their communities who vote and that the sector employ’s millions of Australians. The people who own and run those businesses will be looking to the Government for leadership in the 2017-18 Budget,”* Mr Nielsen said.

COSBOA looks forward to working with all Members of Parliament and Senators to ensure the 2017-18 Budget delivers meaningful outcomes for small business people.

## **BHUTAN**



### **Approval of Economic Development Policy 2017**

The Economic Development Policy (EDP) outlines the economic roadmap of the country and highlights priority sectors for growth and investments. As the apex Policy for Economic Development in the country, the Policy has been in implementation for the last 7 years.

With the objective of assessing achievements and challenges and towards keeping the Policy dynamic and relevant to emerging economic realities, the Royal Government initiated the review of the Policy in mid-2015.

Following extensive consultations with stakeholders including the private sector during the last one and half years, the Royal Government has approved the EDP 2017 during the 120th session of the Lhengye Zhungtshog held on December 21, 2016.

The EDP 2017 has a total of 252 Policy provisions and provides the overall enabling environment to continue creating a transparent and conducive environment for business and investments in the Bhutanese economy. Several “game changers” have been identified throughout the Policy which will form part of the reform agenda. Further, emphasis is also provided to prioritize the Five Jewels (Hydropower, Tourism, CSIs, Mining and Agriculture), enhance service delivery

and reduce administrative burden for businesses, diversify exports, enhance productivity and progress towards being a knowledge based and self-reliant society. Learning from experience, the EDP will assign specific timelines and accountability on agencies on the implementation of the Policy and a monitoring and reporting system will be institutionalized.

## BELARUS



### EU plans to allocate €6m to support SMEs in Belarus in next four years

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## BULGARIA



### Another EUR 70 million and preferential loan conditions for SMEs by Postbank and EIF

Postbank and the European Investment Fund (EIF) will provide another EUR 70 million and preferential loan conditions to small and medium enterprises (SMEs) in Bulgaria. In 2016, Postbank proved itself as a loyal partner of the small and medium business, offering not only optimal conditions, but also innovative solutions to entrepreneurs from different regions in the country. Now the lender is expanding the options for SME financing at preferential terms after signing a guarantee agreement with the EIF for EUR 70 million under the Operational Programme „SME Initiative“. Under the agreement, the EIF will provide a 60 percent guarantee for the bank's loans.

*“We understand entrepreneurs' needs and this is why we are trying to constantly offer modern products, personalized approach and preferential loan conditions which would help us provide a stable base to companies and boost their development and growth. Companies come to us with increasingly better projects and are becoming more and more flexible and enterprising by relying on different and innovative solutions. This could be only good news for us. We believe the business sector deserves support and we will continue providing it “, Postbank comments.*

Under the OP SME Initiative”, Postbank will offer its clients an even easier access to financing, prioritized service and excellent loan conditions. The goal is to grant the funds under the programme by end-2017. The preferential conditions are designed for companies which need working capital, intend to invest in strengthening and developing their main activity, to implement new projects or penetrate new economic sectors. The loan periods will be from two to 12 years, the maximum loan amount being EUR 5 million.

The SME Initiative OP for Bulgaria is a joint instrument of the European Commission, the EIF and the European Investment Bank, and aims at boosting SME lending, opening new jobs and increasing investment and growth. Bulgaria is the first country in the region and the third in Europe to benefit from the opportunities the instrument provides and help improving the competitiveness of Bulgarian SMEs.

20 specialized Postbank’s Small Business Banking centers and eight centers for medium corporate clients (with an up to BGN 30 million annual turnover) are now operating in the country, as another five are to be opened in 2017. “In 2016, we registered over 40 percent more loan applications submitted by Bulgarian entrepreneurs, mostly producers, as we expect this percentage to increase further. This could be only a positive sign, because SMEs, indeed, are the driver of Bulgarian economy”, the financial institution adds.

## GERMANY



### With “#openspace”, Commerzbank offers first digitalisation platform for German SMEs

With “#openspace” in Berlin-Schöneberg, Commerzbank has developed the first digitalization platform for small- and medium-sized enterprises (SMEs). As the first of its kind, “#openspace” is a corporate transformation platform for German SMEs and constitutes a long-term cooperation between SMEs, innovation partners, and start-ups with the objective of successfully tackling the challenges posed by the digital future together. At the same time, “#openspace” is available as a home base for national and international start-ups providing advisory and logistical support.

*“Digitalization dominates the media, sciences, and corporate world like no other topic. But how can companies master the challenges posed by digitalization? As an answer to this, we have created “#openspace”, a networked platform comprising SMEs, innovation partners, and start-ups. Here, the digital transformation is expedited and accompanied in the long term thanks to customized programmes,”* says Mr. Holger Werner, CEO and founder of #openspace.

*“With ‘#openspace’ we would like to empower SMEs so that they can fundamentally change their business models in line with new digital standards and help to overcome uncertainty with regards to digitalization. Priority is given to the principle of ‘helping people to help themselves’,”* says JMr. oachim Köhler, COO and co-founder of “#openspace”.

In addition to a six-week basic module named “#Sense of Urgency”, “#openspace” offers various advanced programmes to provide a company with long-term support. The “#Digital Lab” module, for example, is geared towards supplementing an existing business model with digital products and processes. By contrast, in the “#Disruptive Lab”, an existing business model is fundamentally adapted over three phases.

In addition to the offering for Germany’s SME sector, with the “#Start Up Factory” “#openspace” also provides premises and support for international start-ups wishing to establish a foothold on the German and European markets or to expand in the region.

## INDIA



### NSE inspires MSMEs to raise funds for growth through NSE’s EMERGE SME platform

In line with the Gujarat government and NSE’s vision to encourage small and medium enterprises to raise productive capital by listing on an exchange, NSE addressed a large number of SME’s at the MSME Convention, at the prestigious Vibrant Gujarat Global Summit. The MSME Convention was inaugurated by Mr. Vijaybhai Rupani, Chief Minister, Gujarat, Mr. Kalraj Mishra, MSME Minister, Government of India and other dignitaries.

As per organizers of Vibrant Gujarat Global Summit 2017, a large number of SME companies are expected to participate in the event till 13 January 2017. The theme of the discussion was “How SMEs can raise funds through NSE SME platform” to create awareness about the merits of NSE’s SME platform ‘NSE Emerge’ and how SME’s can raise funds through ‘NSE Emerge’.

Mr. Ravi Varanasi, Chief Business Development, NSE said “Listing on an exchange platform will help SME’s to raise capital for their growth and provide several benefits like visibility, business growth, wealth creation and potentially enter into strategic partnerships.” He also emphasized the importance of SME’s in the Indian economy and the role of NSE in handholding and supporting the growth of SMEs. He informed the SME’s about the eligibility criterion for them to list on NSE “Emerge’ and spoke about the ease of access for these small and medium companies. Currently MSME’s are given a subsidy up to Rs. 5 Lakh provided by the MSME department of Gujarat, to support SME’s to get listed on the SME platform of an Exchange”

Mr. Neeraj Maheshwari, CEO of Maheshwari Logistics Limited said “ We were able to raise funds through NSE Emerge for expansion and overcome the challenges which every SME faces in several growth phases.” Mr. Ashish Shah, Director, Wealth First Portfolio Managers Limited and Mr. Jaimin Shah, Director of Dev Information Technology Pvt also shared their experience on the listing process and compliance requirements on NSE EMERGE. NSE has also offered on the spot guidance to SME entrepreneurs regarding the listing process and its benefits.

## JORDAN



### Funding of 147 thousand worth JD: Jordan Enterprise Development predicted financial grants to five beneficiaries through national linkages program

Sponsored the Acting Executive Director of the Foundation of Jordan Enterprise Development Engineer Thursday (January 5, 2017) Riad al-Khatib financial grants signing ceremony of five local industrial companies and support worth 147 thousand Jordanian dinars through the granting of national linkages program.

The form of these grants accounted for 28% of the total cost of projects for industrial companies benefiting from the grant and the \$ 526,000 dinars.

Khatib stressed that the institution called the Jordanian small and medium-sized companies that have a readiness for national coherence with large companies during the month of September through the ads "an invitation to take advantage of granting national linkages program" in the local newspaper, where he was receiving 14 applications, the Foundation has conducted an administrative assessment of the applications received technical evaluation and field visits for each of the advanced industrial applications companies (supplied) and the potential for bonding and industrial companies (the buyer).

He added that the organization had organized two workshops at two Amman Chamber of Industry and blue for the definition of the objectives and conditions of the grant benefit from the state of submission of applications.

The conventions are aimed at stimulating industrial companies to replace imports with local production and participation in supporting small and medium - sized industrial companies to develop networks of contractors and subcontractors that provide large companies accessories from production inputs to replace imports .

The grant covers the rehabilitation of companies to get international certificates such as ISO and conducting technical examinations in quality and assist companies in the acquisition of software technologies to improve performance , such as the fields of : ERP system , and help them to acquire the necessary to raise the production capacity of technology through automation of the industrial operations and the purchase of necessary equipment, the grant does not cover the salaries and wages of workers and raw materials , whether for filling and packaging production inputs or business trips and travel and any expenses paid by the company before agreeing to grant the request and signing of the agreement in addition to the purchase of buildings and land.

Khatib explained that national linkages program aims to encourage national industries and increase their competitiveness by raising the administrative and production capabilities and assist in the acquisition of modern technology contributes to the production of high quality products and consume less energy to reduce production costs and enable them to compete with other countries ' products by providing financial support.

The Jordanian Corporation for Enterprise Development is the national umbrella for the development of economic projects in the Kingdom, including start-ups and innovative projects; which supports the development of these enterprises and enhance their competitiveness, and is working to facilitate access to financing in addition to promoting and enabling policies. that work to create a more favorable environment for their growth.

## KOREA



### Korea, China, Japan agree to accelerate FTA talks

The Ministry of Trade, Industry and Energy announced on January 12, 2017 that top trade officials from Korea, China and Japan agreed at a meeting held in Beijing last Monday to Wednesday to accelerate the free trade negotiations for the 11th round of Korea, China, Japan FTA talks.

The meeting, as the first trilateral high-level negotiation held since June last year, was attended by Deputy Minister for Trade Negotiations Lee Sang-jin of the Ministry of Trade, Industry and Energy, and his counterparts Wang Shouwen, China's Vice Minister of Commerce, and Keiichi Katakami, Japan's Deputy Foreign Minister for Economic Affairs.

The delegates discussed the importance of maintaining a platform for cooperation between the three economic powers and reiterated the need to speed up the trade negotiations, especially given the high probability that some countries will impose protectionist measures in the near future.

They also focused on highlighting the potential economic benefits to be gained for participating three countries in such areas as goods, services and investment if the free trade agreement is realized.

The officials also held separate discussions on new expanded areas of cooperation such as finance and telecommunications, while sharing the sentiment that the three countries have always been -- and still are -- particularly important trade partners and therefore must continue to engage in proactive talks in order to promote growth in the region.

Initiated in November 2012, the Korea-China-Japan FTA talks aim to build an integrated free trade market in East Asia. The delegates have agreed to host the next round of negotiations in Japan.

## SINGAPORE



### SME Committee Budget 2017 Recommendations focus on new engine to boost economic growth and broad-based support to SMEs

The SBF-led SME Committee (SMEC) submitted its recommendations for Singapore Budget 2017 to the Government on 30 December 2016.

#### Key Considerations

The following factors were taken into account when formulating the recommendations:

##### a) Uncertain Global Economic Outlook

Key risks that could stifle growth include rising private sector debt in large emerging markets, heightened policy and geopolitical uncertainties, sluggish global growth, nationalistic policies and anti-trade sentiments. As the world economy moves further away from the global financial crisis, factors affecting global economic performance are becoming increasingly complex. These reflect a combination of global forces such as demographic trends, disruptive technologies, persistent decline in productivity growth and adjustment to lower commodity prices.

##### b) Boosting Singapore's Economic Growth with Globally Competitive Companies (GCCs)

Singapore is currently in a phase of economic restructuring and transformation amid tepid global growth. In the past five years, Singapore's economic growth dropped from first to fifth amongst selected countries as competition with regional economies intensifies. To sustain our competitiveness and relevance in the new economy, which includes competitors from emerging and developing economies, Singapore needs to develop a new growth engine driven by technology, innovation and entrepreneurial talent.

##### c) Increasing Pessimism Clouds Local SMEs' Forecast for 2017

The overall SBF-DP SME Index reading for 1Q17 to 2Q17 recorded its lowest reading of 49.8 in seven years, highlighting business uncertainty as SMEs' topline performance weakens. Similarly, SBF's National Business Survey (NBS) 2016/2017 indicated that only one in 10 businesses expected the economic climate to get better over the next 12 months, whilst almost 50% of those surveyed felt that it could get worse.

## Budget 2017 Recommendations

SMEC's recommendations for Budget 2017 considered how Singapore-owned world class companies would value-add to the local economy and the business ecosystem, as well as the increasingly significant role of SMEs in Singapore. In view of these, SMEC recommends (1) a third economic growth engine; and (2) providing broad-based support to SMEs during the current protracted period of low growth.

### (1) Third Growth Engine: Globally Competitive Companies (GCCs)

- Apart from growth led by MNCs and GLCs, Singapore should consider a congenial business environment to create new clusters of Globally Competitive Companies as additional growth engines for future economic success.
- Agencies-in-charge of their respective Industry Transformation Maps to be assigned targets on the number of GCCs to be developed
- Introduce incentive schemes to attract innovative companies to establish their regional base in Singapore, with the condition that they enter into a joint venture with local companies
- The government to commission a study to assess the feasibility of establishing a private bourse for innovative companies to raise capital
- The government to study the feasibility of a framework to enable entrepreneurs and investors, particularly those in high-technology industries, to protect important assets and investors' interests so that distressed businesses can find viable solutions
- The government to review and refine the criteria for Employment Pass (EP) and Personalised Employment Pass (PEP) to take into account qualities which characterise entrepreneurial talents
- Review work pass requirements to allow entrepreneurs with innovative and/or disruptive technologies to be granted an Entrepass, on the condition they enter into a joint venture with qualified local enterprises
- Expand the Intellectual Property Financing Scheme (IPFS) to include Intellectual Property (IP) acquisition financing
- The government to co-share a higher risk quantum (currently at 50 percent) for loans under the IPFS
- The government to formulate and implement policies to better commercialise intellectual property developed by public sector research institutes and institutes of higher learning

### (2) Providing broad-based support to SMEs

While the Singapore overall economy transforms, it is critical to ensure the survival of our local SMEs. SMEs should be accorded broad-based support to alleviate operating concerns, seize growth opportunities and navigate through the current economic slowdown.

- The government to hold back any planned increase in Foreign Worker Levy across all sectors for 36 months

- The government to study, review and streamline compliance, regulatory related costs, requirements and approving framework, starting with pilot sectors such as advanced manufacturing and food services
- Government landlords to provide rental rebates for all industrial, commercial and retail properties
- Government landlords to take the lead in adopting the Fair Tenancy Framework
- The government to commission a study on the implementation of a national Business-to-Business (B2B) platform
- Enhance the existing Working Capital Loan by raising the loan cap beyond \$300,000 and increase the risk quantum co-shared (currently at 50 percent) by the government
- Formally recognise, via a Letter of Offer or equivalent, the contribution of partnering large enterprises, thereby allowing cost-recovery of resources attributed to the participation of such projects by these large enterprises
- Enhance the Headstart programme to grant SMEs the option to either acquire the foreground IP generated or directly extend the IP's exclusivity to 36 months to facilitate successful commercialisation
- Allow economic agencies responsible for the awarding of Research and Development (R&D) incentives to independently assess the merits of SMEs' R&D initiatives instead of adhering strictly to the tax definition of R&D
- Enhance the Global Company Partnership programme in the following ways:
  - Increase sales turnover from \$100,000 to \$300,000 in the definition of new markets
  - Allow SMEs to claim costs for up to five staff, inclusive of staff hired from the new market
  - Increase support quantum from \$100,000 to \$300,000 a year
  - Extend support from 12 months to 24 months for up to 70 percent of costs incurred
- Do not subject Training Employment Passes (TEPs) to qualifying salary and Training Work Permits to foreign worker quota and levies
- Offer support on 100 percent of cost for staff on overseas deployment for the first year, and up to 70 percent in the subsequent two years for companies who have gone through the overseas market attachment programme
- The government to provide support through tax credits or special tax rebates to spur collaboration for large local enterprises to subcontract/partner SMEs for overseas projects
- Include SME leaders (including business owners and C-suite level) for funding support in leadership training schemes
- Enhance the Career Support Programme (CSP) to extend wage supplement support to 18 months from the current 12 months, with the option to include a training bond

Mr Ho Meng Kit, CEO of SBF, said " *Singapore economy posted a stronger than expected growth in 2016. We hope that the growth momentum can be sustained. Our small businesses still have a pessimistic outlook for 2017. Immediate operational issues continue to challenge local SMEs' operations. While Singapore's economy will enter a phase of transformation under the directions set by the Committee of Future Economy, SBF will*



*continue to bring up immediate business issues such as government compliance and regulatory costs, facing our SMEs."*

*Mr Lawrence Leow, Chairman of SMEC, said "Singapore needs to create a new growth engine of globally competitive companies, driven by technology, innovation and entrepreneurial talent, to stay relevant to the global value chain and boost our economy. To achieve this, we have to transform into a creative and entrepreneurial nation that can attract foreign entrepreneurial talents and high technology enterprises to settle here, form joint ventures with local enterprises and create new businesses that will help propel our economy."*



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/observer 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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