

The State and SMEs: Enhancing Governmental Capacity to Serve SMEs

by

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I am privileged and honored to be present here today to share with you some of the Malaysian Government's experience and efforts in enhancing its capacity to serve Small and Medium - scale industries and enterprises. Which we refer to as SMEs or SMIs in APEC parlance.

Firstly, as a response to the challenge of trade liberalization and globalization, Malaysia has taken concrete steps to prepare herself to become a significant player in the contemporary era which requires a "paradigm shift" - so to speak, - from a purely export oriented production economy, to one that is also globally oriented.

In fact, global - oriented manufacturing is one of the strategic thrusts of the Second Industrial Master Plan (IMP2) which sets out the path and direction for Malaysia's future industrialization development programme. The manufacturing sector, which comprised largely of SMIs, is being global market environmental as well as achieving and meeting the demands of world class standards in their products.

Secondly, the government recognize that as an integral part of the country's industrial development, SMIs need to be developed and nurtured into an efficient and globally competitive supporting sector, which is capable of producing high value-added critical parts and components for the leading industrial sector. Further, in the context of information technological age and the emergence of a knowledge-based economy, the role of the SMIs must also be enhanced through their participation in E-commerce and related mechanisms.

SMIDEC - or the Small and Medium Industries Development Corporation - is the Governmental agency responsible for the promotion and coordination of SMIs development in Malaysia.

Among other things, SMIDEC is entrusted with the following functionsL

- to promote and coordinate the development of small and medium scale industries
- to undertake studies related to the development of small and medium scale industries
- to undertake activities to promote the growth of SMIs
- to establish a comprehensive database and information system on SMI development programmes

- to become a centre for the collection, reference and dissemination of Information related to SMIs
- to provide mutual cooperation among SMIs through amalgamation of businesses, technological cooperation, the establishment of mutual fund, and the procurement of common equipment
- to promote human resource development for SMIs
- to do all such matters as may be incidental or consequential upon the discharge of its functions, from time to time

Distinguished participants and friends:

Let me now give you a brief run down on some of the enhancements measures which SMIDEC currently offers.

1. Under the heading Programmes, SMIDEC has listed seven specific measures, as follows, namely:

a) Industrial Linkage Programme (ILP)

A cluster-based industrial development programme to promote SMI into becoming reliable suppliers of parts and component and services to leading major) industries)

b) Technology Development Programme

A programme to upgrade the technological capacity and capability of SMIs through technology advisory services as well as R & D programme

c) Technology Acquisition Programme

A programme to assist SMIs to acquire critical technology for Improved production and to upgrade product quality and company productivity

d) Skill Upgrading Programme

SMIDEC works in cooperation with Skills Development Centres to provide technical skills training, and the upgrading of critical skills, work proficiency, efficiency and productivity levels.

e) Market Development Programme

SMIDEC helps to promote marketing opportunities for SMIs through participation in local and international trade fairs, trade and investment missions and other promotional efforts.

f) Infrastructure Development Programme

To develop cluster - based industrial sites comprising of ready-made factories for purchase or leasing at affordable prices, in cooperation with state level agencies.

g) Advisory Services Programme

SMIDEC provides advisory services and consultations to SMIs through its weekly Business Clinics.

2. Under the heading Financial Package, SMIDEC managed the following fundsL

- Industrial Technical Assistance fund (ITAF)
- Soft loan Scheme for Modernization and Automation
- Soft loan Scheme for Quality Enhancement of SMIs
- Financial Package for SMIs (PAKSI)
- Factory Auditing Scheme
- Y2k Grant

Other funds for SMIs managed by banks and other financial institutions include:

- SMI fund
- SMI Rehabilitation Fund
- SMI Promotion Programme (SMIPP)
- Trade Financing Facilities
- Special Loan Scheme for Indigenous (Bumiputra) Entrepreneurs
- New Principal Guarantee Scheme
- Integrated Lending Scheme
- Special Loan Scheme

3. In the category of Fiscal Incentives, SMIDEC offers the following:

- Incentive for Small Scale Companies
- Incentive for Small Scale Companies producing intermediate products
- Incentive for World Class Intermediate products
- Incentive to strengthen Industrial Linkage Scheme

4. In addition to these, there are also the incentives provided under The Promotion of Investment Act, 1986. These Incentives include:

- Incentives for promoting manufacturing activities
- Incentives for High Technology Industries
- Incentives for Research and Development
- Incentives for Training
- Incentives for the Multimedia Supercorridor (MSC)
- Incentives for Computers and Information Technology Assets
- Incentives for Storage, Treatment and Disposal of Toxic and Harzardous wastes, and
- Tariff related incentives

Distinguished Participants;

I have tried to provide you a comprehensive listing of what I believe to be some of the measures taken by the Governmental in enhancing small and medium scale

enterprises. As far as I am aware, there has been no discrimination on the basis of gender in the implementation of these schemes. But, as we well know, many women are new to global oriented production and are therefore slow to respond to these opportunities. Some women are lacking in confidence to go into business in a big way on their own, while others may be lacking in the necessary contact and support to enter into global businesses and international networking. In this regard, I believe the WLN originated Confederation of Women Business Council could offer valuable assistance, not only in providing the moral and motivational support that is so lacking among the new women entrepreneurs.

I thank you for your indulgence.