

# SMEs holding on despite weak growth

Chee Hean urges them to take long-term view, consider new markets

BY ELIZABETH WILMOT

SMALL and medium-sized enterprises (SMEs) appear to be defying the air of gloom and are coping with the slowing economy, said Defence Minister Teo Chee Hean last night.

He told the Rotary-Asme Entrepreneur of the Year Award ceremony last night: "Ground feedback gathered by Spring Singapore highlights that while SMEs are expecting lower growth, they are still hopeful about achieving modest growth for this year.

"The services sector, comprising largely SMEs, has continued to grow by 6.1 per cent in the third quarter."

Mr Teo added that feedback from financial institutions and government loans data indicate that credit is not yet a critical problem for SMEs.

"SME defaults on bank loans have also remained stable," he said.

The minister told the gathering at the Ritz-Carlton, Millenia Singapore that the Government has put in place many initiatives supporting SMEs.

These include improving access to finance through fixed-interest rate loans such as the Local Enterprise Finance Scheme, as well as tax benefits.

"Our business environment is conducive for start-ups - many of our entrepreneurs pay little tax in the first three years of their business," he said.

"Start-ups enjoy full tax exemption on the first \$100,000 of income, and 50 per cent exemption on the next \$200,000 for three years."

Mr Teo said the Government is "keeping a close eye on the economic situation,



The Entrepreneur of the Year is (front row, centre) Charles Wong, managing director of Charles & Keith, who also shares the enterprise award. With him are (front row, from left) Mr Mohamed Ismail, CEO of P&N Holdings, who wins for eCommerce; Mr David Loke, group MD of Tru-Marine, who shares the enterprise award; (back row, from left) Ms Susan Chong, MD of Greenpac, who wins for innovation; Mr Ivan Lee, CEO of ThaiExpress, who shares the enterprise award; and Mr Patrick Liew, CEO of HSR International Realtors, who wins for social contribution. ST PHOTO: DESMOND LIM

and will take the necessary steps to ensure that financing continues to be available for businesses to operate".

He also gave some tips for riding out the rough times.

One was to take a long-term view and continue to invest in developing core capabilities such as branding, technology innovation and IT systems. SMEs should also look elsewhere other than traditional

markets in the United States and Europe.

"Emerging markets such as Latin America, the Middle East, Russia and Vietnam still offer growth potential," said Mr Teo, who also stressed that SMEs should continue investing in their employees.

"In the knowledge economy, continuous training and upgrading of skills is critical to raising long-term productivity and competitiveness," he said.

Mr Teo reiterated that he remained positive: "While there are many challenges ahead, I am confident our economy and SMEs can weather this period.

"The Government is committed to working with our industries and associations such as Asme, to help our SMEs... emerge even stronger and more competitive."

egwilmot@sph.com.sg