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Apec-News-SMEs

IMMEDIATE ACTION NEEDED TO HELP SMEs, SAYS TAJUDIN

KUALA LUMPUR, Nov 8 (Bernama) -- Immediate action is needed to help small and medium scale enterprises (SMEs) which provide the bulk of employment in some Apec economies.

"The short-term survival and ultimate long term health of SMEs are being threatened," said the Apec Business Advisory Council (Abac) in the "1998 Abac Report To Economic Leaders."

Abac chair, Tan Sri Tajudin Ramli said in the report that SMEs play a key role in member economies but face a grave situation where thousands of small businesses had already collapsed and many more are being threatened.

"In the process scores of workers and family members are becoming unemployed. The problem is extremely serious in a number of Apec economies," he said in the report which was presented to Prime Minister Datuk Seri Dr Mahathir Mohamad on Friday.

The report themed "Apec Means Business: Restoring Confidence and Regenerating Growth" will also be presented to economic leaders who would be attending the Apec Summit to be hosted by Malaysia next week.

Tajudin said Abac is recommending two categories of proposals - the creation of a financial climate required to support SMEs and the setting up of employment and business conditions critical for SMEs to grow.

Initiatives for a more favourable financial environment include the setting up of financial institutions to support SMEs, development of performance-based lending practices for SMEs, provision of credit on an equal and open basis, provision of micro-lending, allocation of funds from the International Monetary Fund (IMF) to provide low-interest loans to SMEs and short-term tax relief options for SMEs.

For a conducive and favourable climate for employment and business opportunities for SMEs, Tajudin, who is also executive chairman of Malaysia Airlines, said large corporations should be encouraged to use SMEs through sub-contracting arrangements.

It could also be arranged such that governments be required to utilise SMEs when purchasing goods and services and to unbundle components of infrastructure projects to allow greater opportunities for SMEs participation, he added.

On electronic commerce (E-commerce), Abac said governments should avoid introducing new laws when existing laws can be applied to lay the framework that would include cross-border consumer protection.

Tajudin said the private sector should lead in the development of E-Commerce and that governments should ensure the development of electronic infrastructure to provide economic and equitable access throughout the region.

He said public-private partnership will be vital in realising the full benefits of E-Commerce, especially where trust and confidence need to be established in the area of electronic payment systems.

"One area in which E-Commerce may be promoted in government is through maximum usage of technology in government operations, such as on-line tax payment and procurement.

"In like manner, E-Commerce provides great opportunities for SMEs, mindful that the need for educational and training programmes will be paramount," he said.

He also called on governments to address the Y2K issue, which through the globalisation process has made the problems faced by smaller member

economies systematically linked to more developed member economies.
-- BERNAMA
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