



# **MEDIA RELEASE**

## **EMBARGO until 3 August 2018, 5:00 pm**

### **SMEs registered real GDP growth of 7.2% in 2017**

**Kuala Lumpur, 3 August 2018** – SMEs contributed RM435.1 billion in year 2017, recording a higher real GDP growth of 7.2% (2016: 5.2%). As a result, GDP contribution of SMEs increased to 37.1% from 36.6% in 2016. The higher SME GDP growth was reflected across all major economic sectors, particularly in the services, manufacturing and agriculture sectors. Going forward, SMEs are expected to assume a greater role, not only as an enabler but as a key driver of growth. In the last 14 years (2004 - 2017), real GDP growth of SMEs has consistently outperformed the overall economy, averaging at 6.6% p.a. compared to 5.1% growth for the overall GDP.

In terms of exports, SME exports recorded a higher growth of 7.9% in 2017 compared to 7.0% in 2016, due to higher exports in commodities, such as palm oil and rubber as well as manufactured products, particularly electrical & electronics. Meanwhile, exports by large firms registered a double-digit growth of 17.9%, driven by higher exports of electrical & electronic, liquefied natural gas and crude oil. As a result, the contribution of SME exports to total exports during the year was lowered at 17.3% (2016: 18.6%). In terms of value, SME exports registered an increase of RM12.3 billion, amounting to RM167.4 billion in 2017 as compared to RM155.1 billion in 2016. Meanwhile, employment of SMEs continued to increase, resulting in the share of SME employment to total employment expanding to 66.0% in 2017 (2016: 65.3%). This encouraging performance was due to a more streamlined and coordinated approach in SME development and the successful implementation of initiatives under the SME Masterplan. By 2020, the Plan has targeted for SME contribution to the overall GDP to reach 41%, country's exports 23% and employment 65%.

SME Corp. Malaysia assumes a critical role in shaping entrepreneurs and SME development in Malaysia in line with its role as the Central Coordinating Agency (CCA) for SMEs. In 2017, a

total of 168 SME development programmes were planned with a financial commitment of RM10.4 billion. To put CCA in context, SME Corp. Malaysia has taken a proactive approach by developing an online information system, SME Central Incentives System (SCenIc), an integrated database of beneficiaries of SME development programmes which is accessible by all Ministries and agencies. Through SCenIc as a key reference in making informed-decisions, resources can be optimised and duplication reduced.

Findings of the 3Q 2017 SME Survey undertaken by SME Corp. Malaysia revealed that SMEs continued to experience rising cost of doing business with more than two-third (69%) of the total respondents of 1,469 citing an average annual increase of 20% in their operating cost. The cost hike was mainly due to higher price of raw material and other input costs, utility bill, cost of fuel and gas for transportation as well as higher salary and wages.

Moving forward, SME Corp. Malaysia plans to undertake a new long-term plan to chart entrepreneurship and SME development beyond 2020. The proposed SME Masterplan 2.0 will lay out strategies for entrepreneurship and SME development for business sustainability and competitiveness in order to compete in more globalised and high tech marketplace.

To achieve this, the Masterplan will need to take into account the changing demographics, economic and business landscapes as well as to identify new opportunities and challenges that need to be addressed by Malaysian SMEs. The Masterplan will among others look into aligning SMEs to reap the benefits from the Megatrends, such as Industrial Revolution 4.0 and digitalisation as well as to explore new business models arising from new emerging financial technology, inclusive business, gig economy and circular economy.

To ensure SMEs are able to obtain information easily, "SME Hub" was established with the objective to equip SMEs with relevant information and knowledge to support the development of SMEs. SMEs not only can access information on programmes and incentives online and offline via the SMEhub App, SMEhub on Wheels, SMEhub physical centre, SME Corp. Malaysia's Official Website (<https://smecorp.gov.my>) and Social Media but they can also get Business Advisory Support from the "SME Hub". In addition, the "SME Info Portal" provides information on programmes and activities as well as training undertaken by various Ministries and agencies (<https://smeinfo.com.my/>).

Other than YB Tuan Darell Leiking, among others that were present during the Press Conference were YB Dr. Ong Kian Ming, Deputy Minister of MITI; YBhg. Datuk Isham Ishak, MITI Secretary-General and YBhg. Datuk (Dr.) Hafsah Hashim, Chief Executive Officer of SME Corp. Malaysia.

- End of Release –

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#### **About SME Corp. Malaysia**

SME Corp. Malaysia is a Central Coordinating Agency that formulates overall policies and strategies for SMEs and coordinates the implementation of SME Development Programmes across all related Ministries and Agencies. It acts as the central point of reference for research and data dissemination on SMEs as well as provides advisory services for SMEs in Malaysia.

SME Corp. Malaysia also assumes the role of the Secretariat to the National SME Development Council (NSDC) which is chaired by YAB Prime Minister of Malaysia.