



## DOHA DATELINE

Dr R. Seetharaman

# Bright initiatives boost GCC SMEs

**T**HE UAE HAD ISSUED a law for small and medium enterprises, or SMEs, in April 2014 in which 10 per cent of the contracts of government entities will be awarded to them. The companies in which the Federal Government owns more than 25 per cent will award at least five per cent of their contracts to local SMEs.

The law states that products made by local SMEs should be given adequate space in exhibitions abroad where the UAE participates and also exempts them from customs tax for equipment, raw materials and intermediate goods for production purposes. SMEs will also be exempted from bank guarantees that companies have to pay for each new worker.

The SME law is in line with the vision of the leadership to create an appropriate business environment for UAE nationals to increase their presence in the business sector and enhance their role in supporting the sustainable development of the country.

The British government launched a business centre in Dubai last month to assist

established Kafala in 2006 through the Saudi Industrial Development Fund to act as a guarantor to banks providing credit. This programme provided guarantees worth a total of SR3.59 billion by the end of 2013, while financing extended by participating banks amounted to around SR7.18 billion.

In Oman, the government launched an SME development in fund in 2012 to support small and medium units. The fund will offer products such as leasing, hire purchase, factoring, project finance, working capital finance and non-funded services.

The SME Development Fund's plan will encompass visiting colleges, making SMEs bankable, funding and legitimising.

In 2013, the Central Bank of Oman asked commercial banks to provide a minimum of five per cent of their commercial loan to SMEs, which is against an average lending of two per cent of commercial loans. Microsoft Oman is helping SMEs to acquire the latest technologies with a focus on mobility, the cloud, big data and social networking.

The Kuwait National Assembly in January 2014 approved amendments to a law on the establishment of a national fund to support SMEs. The National Fund for Development of SMEs is expected to start things rolling during the second half of this year. Young Kuwaitis who work in the public sector will also have the opportunity to tap into the fund to start a small business.

In February 2014, the Qatar Exchange has joined with Enterprise Qatar to launch the new SME subsidy programme, marking the next stage in the development of Qatari SMEs, the QE Venture Market. As per the framework agreement, any Qatari company that meets both the Enterprise Qatar SME criteria and the QE/QFMA rules for listing on the QE Venture Market will be eligible to apply for assistance through the programme, which will be limited in scope.

The Enterprise Qatar Subsidy Programme will help SMEs committing to list on the QE Venture Market with a substantial percentage of their initial fees paid to professional listing advisors.

Recently, Qatar Development Bank and Qatar Shell have revealed new "business opportunities" for SMEs that allow them to become the supplier of choice for the Pearl GTL plant.

*The writer is the group chief executive officer of Doha Bank. Views expressed are his own and do not reflect the newspaper's policy.*

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small- to medium-sized companies from the United Kingdom in setting up local operations. The UK-Dubai Business Centre is part of a global campaign to support British SMEs abroad. Currently, SMEs' contribution to the UAE's GDP is estimated at 60 per cent and is expected to reach 70 per cent by 2021. The SME sector makes up almost 92 per cent of the total number of companies that operate in the country and employ more than 86 per cent of the private-sector workforce.

Investment in SMEs in Saudi Arabia is expected to grow to more than \$70 billion by the end of 2015. The sector's contribution to the kingdom's GDP could rise to 37 per cent by the end of 2015 from 35 per cent a year earlier; 85 per cent of enterprises are single-proprietor companies. The government