

INTRODUCTION

The COVID-19 outbreak has caused a global health emergency and an economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region. As tourism plays a major role in local Pacific economies, travel bans and restrictions on gatherings in particular are affecting businesses across this region.

Pacific Trade Invest (PTI) has commissioned Fifth Quadrant, an independent research agency, to run a regular survey to understand the ongoing effects of COVID-19 on the Pacific's private sector. The eighth wave of PTI's *Pacific Business Monitor* surveys includes responses gathered from 2 to 15 November 2020, from 171 businesses across the Pacific region, including 88 female-led/owned businesses.

This report includes data from the top three Pacific countries that provided responses, giving insight into the nuances between different Pacific countries and the effect COVID-19 is having on the private sector.

It is a long road ahead and through the regular PTI Pacific Business Monitor surveys, the objective is to provide governments, donors and stakeholders with valuable data on how businesses in the Pacific are coping.

ABOUT PACIFIC TRADE INVEST

The PTI Network is an agency of the Pacific Islands Forum Secretariat and is the Pacific's leading trade and investment promotion agency.

With offices in Australia, China and New Zealand, the PTI Network develops and promotes trade and investment across international markets.

IMPACTS ON BUSINESSES IN THE PACIFIC

- The extent and severity of COVID-19 on Pacific businesses has decreased, with 85% reporting a negative impact, the lowest since tracking began (down from 92% last wave).
- 75% of businesses are confident that they will survive the COVID-19 crisis, which is the highest since tracking began (up from 67% last wave).
- The proportion of businesses expecting to return to business as usual in 2021 has increased to 34% (up from 25% last wave).

CHALLENGES & SUPPORT NEEDED

- The top three challenges as a result of COVID-19 remain:
 - » Poor cashflow (90%)
 - » Impact of closed international borders (89%)
 - » Not knowing how long the crisis will last (88%)
- The top three initiatives businesses require assistance with are:
 - » Financial support (54%)
 - » Diversify business (40%)
 - » Access to new markets (33%)
- The top barrier for female-led businesses to action initiatives is a lack of finance / revenue / cash flow at 35%, compared to 21% in male-led businesses.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on mental health has slightly improved, with 62% reporting negative impacts on their mental health (down from 74% last wave).
- The proportion of businesses reporting a very negative impact on community wellbeing has also declined to 39% (down from 49% last wave).

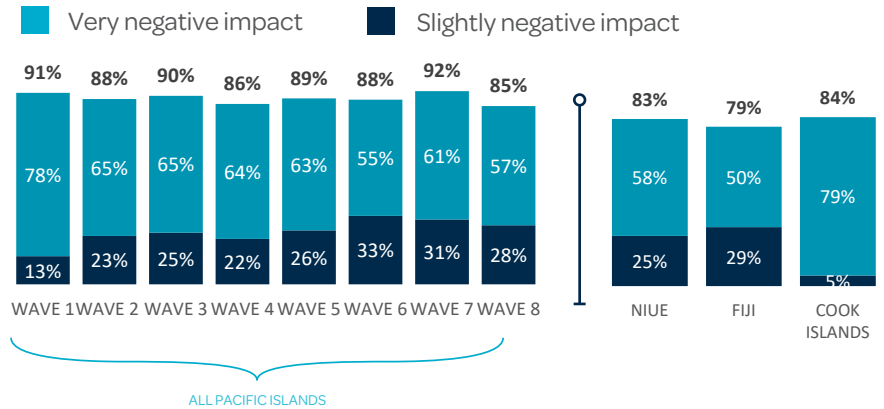
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

85%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on businesses as borders remain closed; however, the extent and severity of impacts may be beginning to improve, with 85% reporting a negative impact, the lowest since tracking began.

REPORTED A NEGATIVE IMPACT ON BUSINESS*

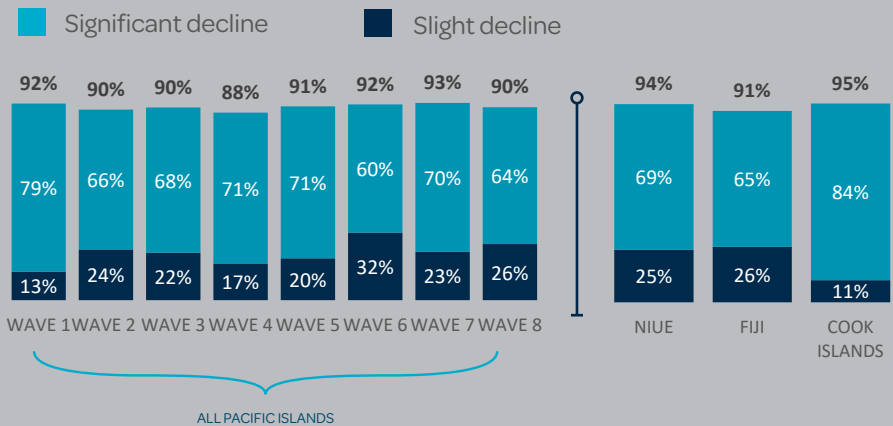


90%

REPORTED A DECLINE IN REVENUE

90% of businesses continue to report a decline in revenue due to COVID-19. The impact on revenue has slightly declined in severity, with the proportion of businesses reporting a significant decline in revenue decreasing to 64% (from 70% last wave).

REPORTED A DECLINE IN REVENUE*

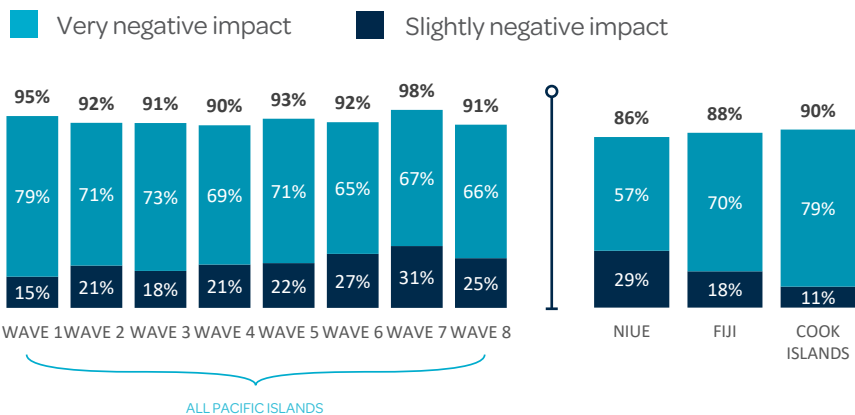


91%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

As the level of negative impact on business and revenue have both decreased in severity this wave, negative perceptions of the local economy have lessened as well, with 91% reporting a negative impact on the local economy (from 98% last wave).

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



*Percentages rounded to nearest whole number

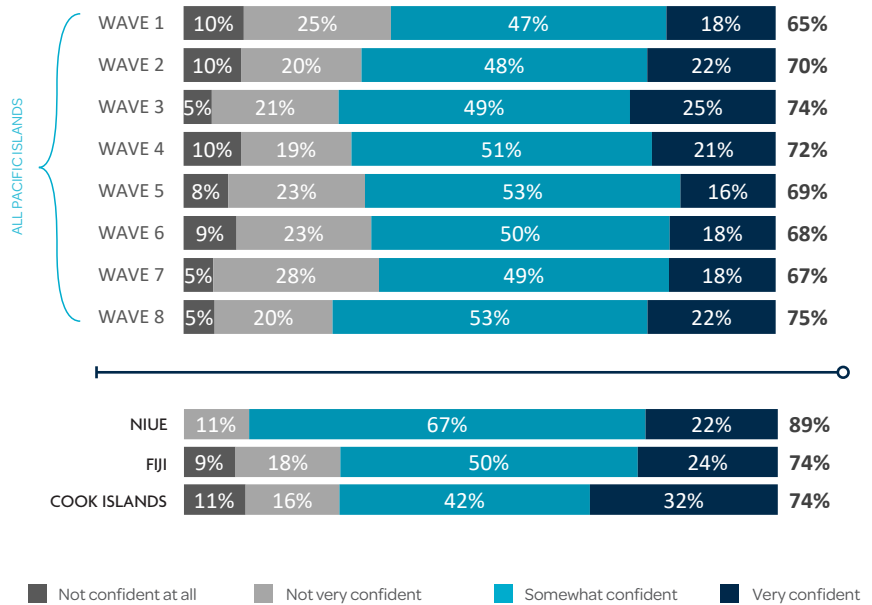


75%

ARE CONFIDENT THAT THEIR BUSINESS WILL SURVIVE THE COVID-19 CRISIS

75% of businesses in the Pacific are confident that their business will survive the COVID-19 crisis (up from 67% last wave).

CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19



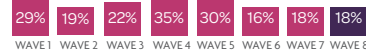
FULLY OPERATIONAL



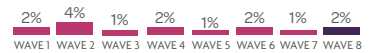
PARTLY OPERATIONAL



TEMPORARILY CLOSED

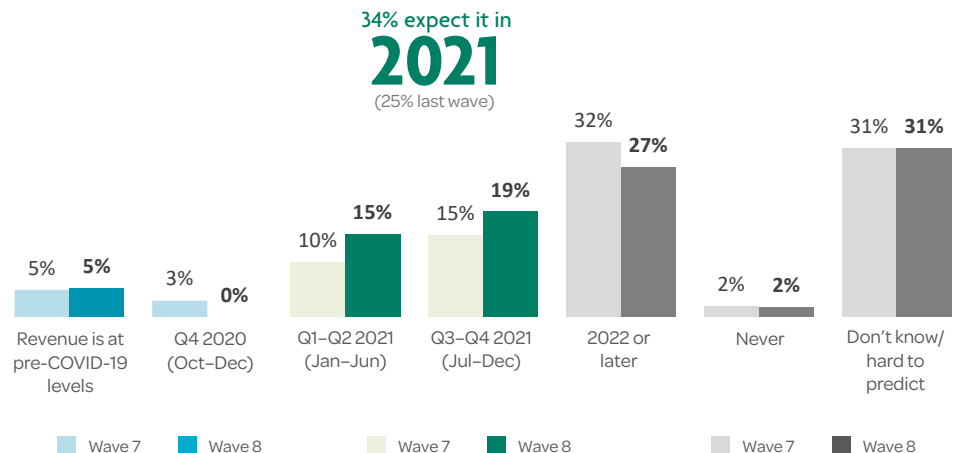


PERMANENTLY CLOSED

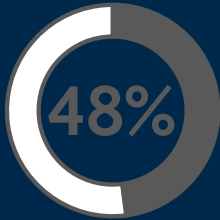
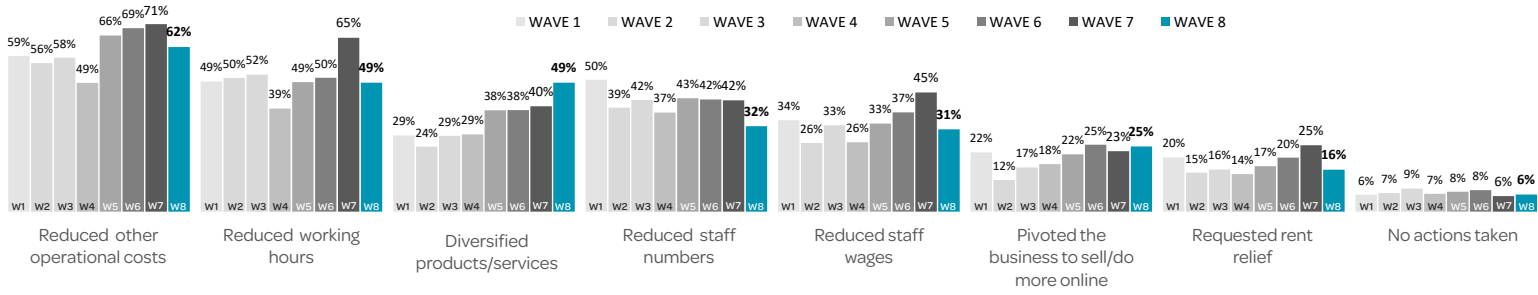


In line with rising confidence in business survival, the proportion of businesses expecting to return to business as usual in 2021 has increased to 34% (up from 25% last wave). However, nearly a third remain unsure.

WHEN WILL REVENUE RETURN TO PRE-COVID-19 LEVELS?



ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



BARRIERS TO ACTIONING INITIATIVES

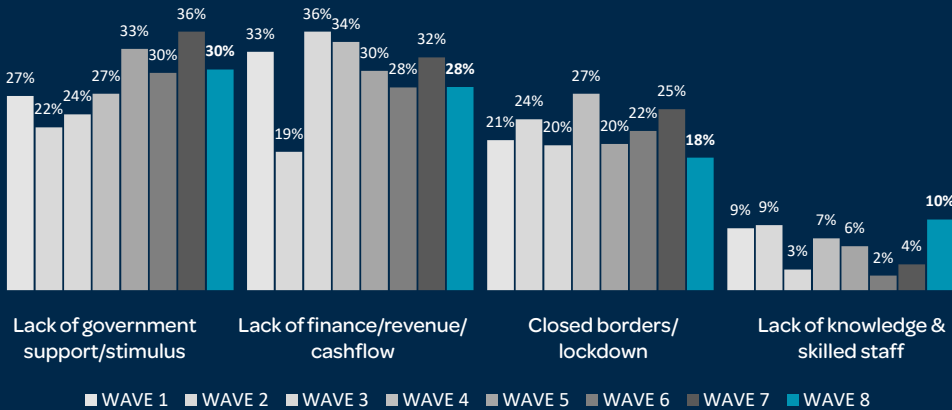
48% reported barriers preventing them from actioning initiatives to support their business, a slight increase from last wave (41%).

"Access to centralised information and advisory to reach out to. It's difficult to know where to go and who to talk to."

- SME, Professional, Scientific & Technical Services, Fiji

"We can diversify and do everything possible to make things work, but until we have affordable air and sea freight which doesn't use all the profit, we are wasting our time. Airlines and shipping companies aren't the only ones that need to make a profit."

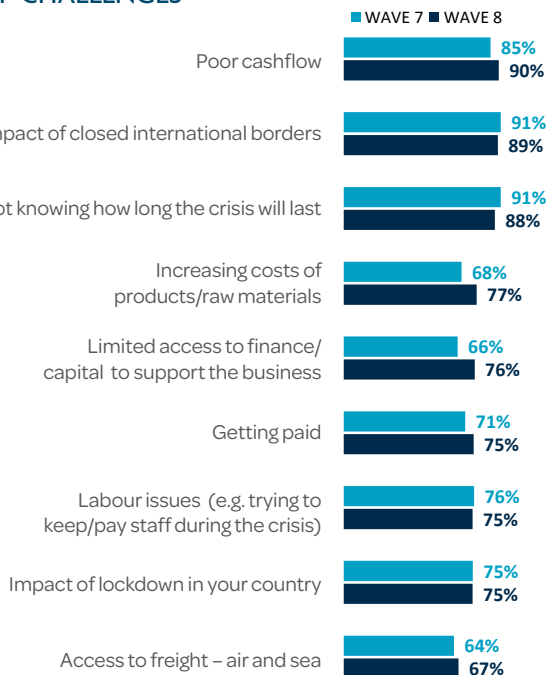
- SME, Manufacturing, Cook Islands



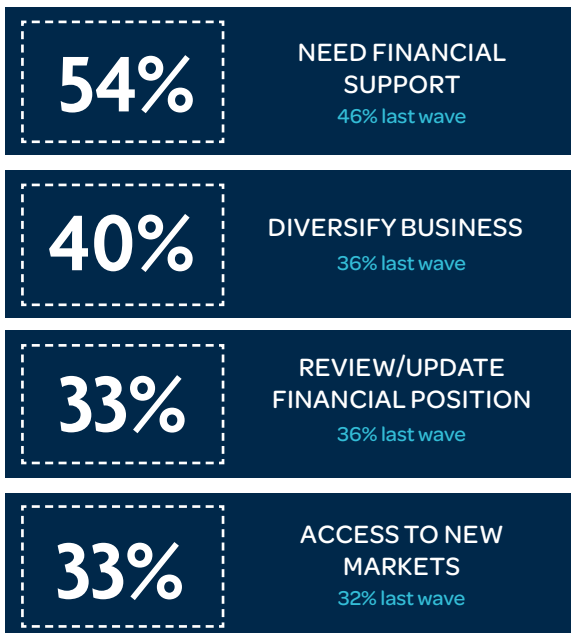
"Lack of access to decent grant funding for farmers and growers as subsidies. Not enough real support in the country, we have to look outside of the country to get this type of support."

- SME, Manufacturing, Samoa

TOP CHALLENGES

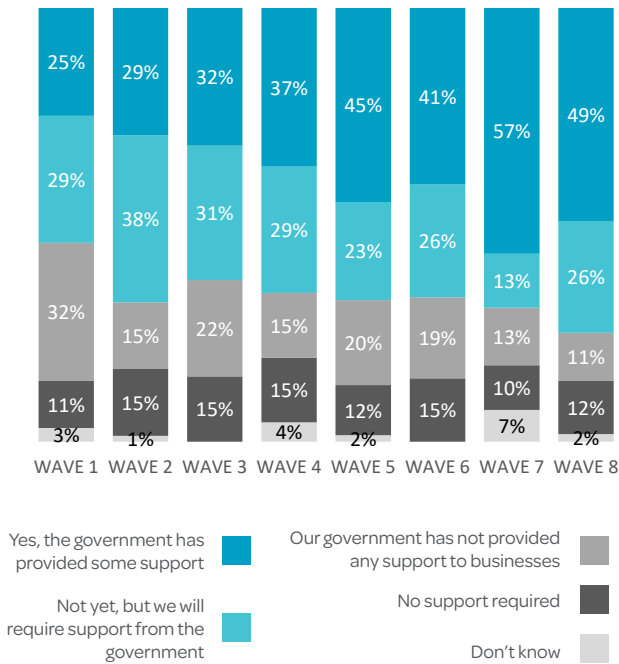


TOP 4 INITIATIVES NEEDED TO ACTION NOW

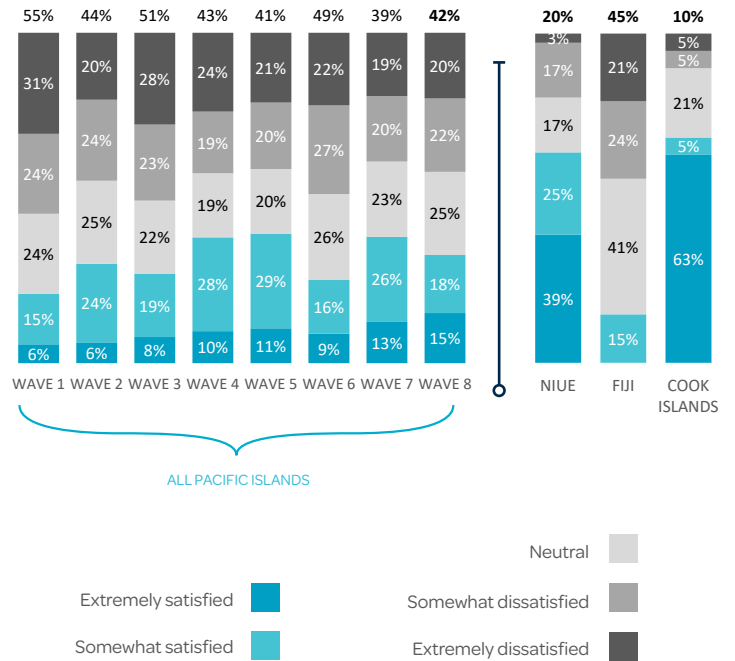


GOVERNMENT SUPPORT

HAS YOUR BUSINESS ACCESSED ANY SUPPORT?

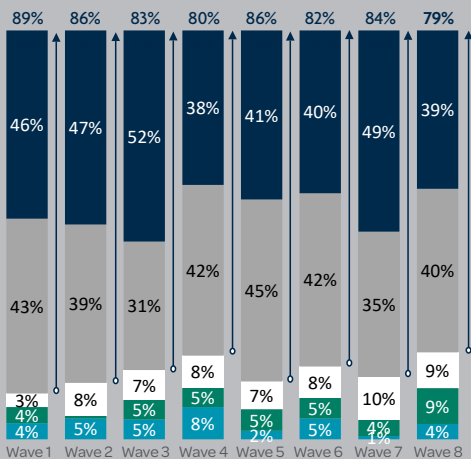


SATISFACTION WITH GOVERNMENT RESPONSE



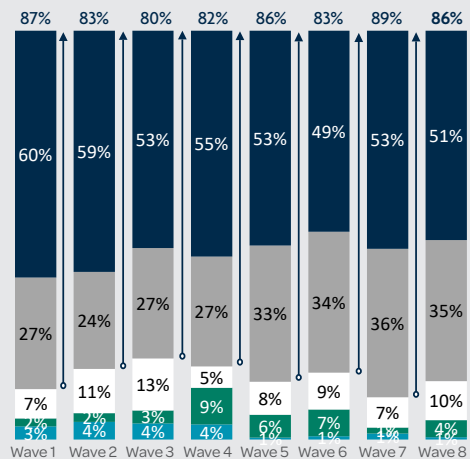
PERSONAL WELLBEING

WELLBEING OF THE COMMUNITY



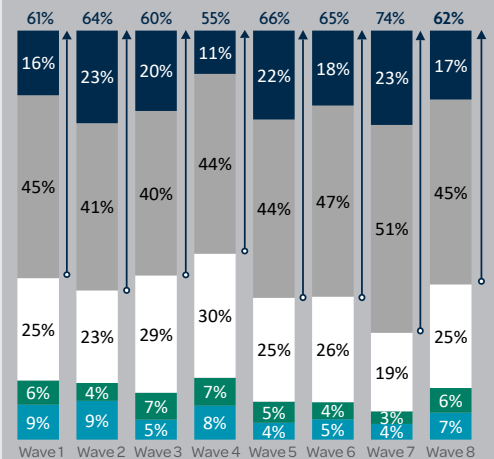
The proportion of those reporting a very negative impact on community wellbeing has dropped to 39%.

PERSONAL FINANCIAL SITUATION



The pandemic continues to have a significant impact on business decision makers' personal financial situation, with 86% reporting a negative impact.

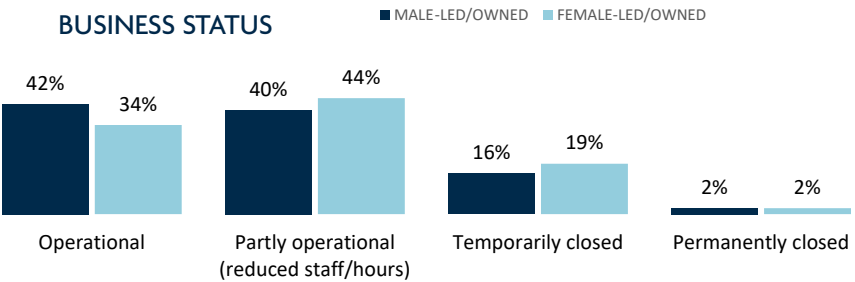
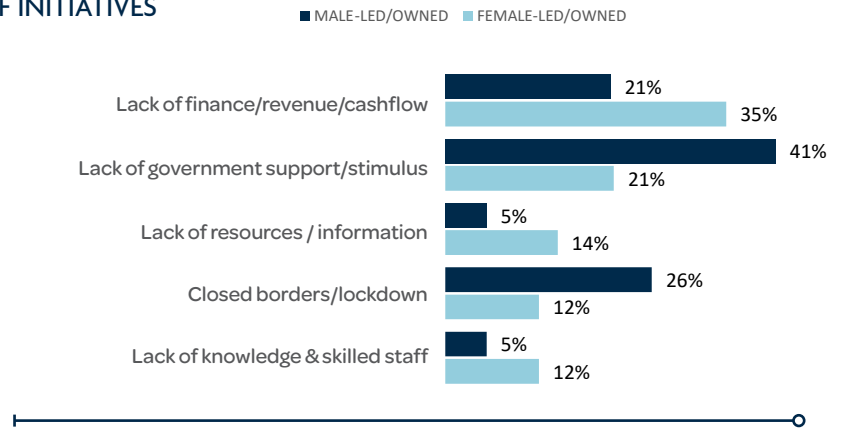
MENTAL HEALTH



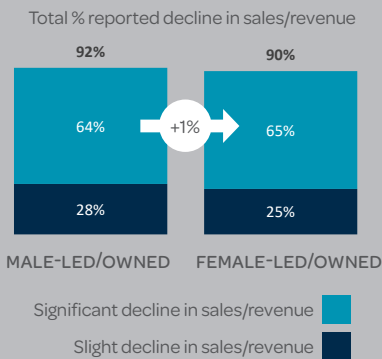
The negative toll on mental health has also slightly improved, with 62% reporting a negative impact on their mental health.

IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

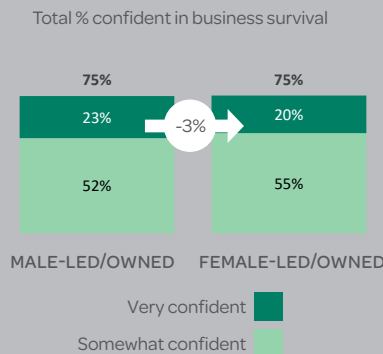
BARRIERS PREVENTING ACTIONING OF INITIATIVES



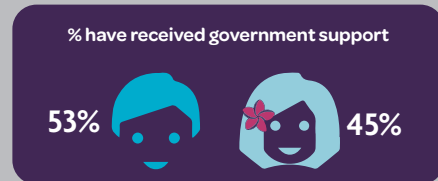
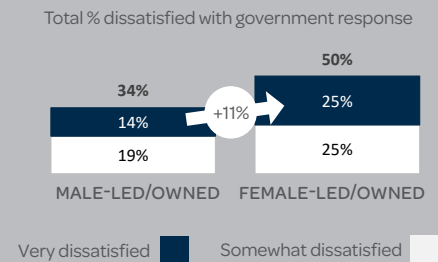
IMPACT ON BUSINESS REVENUE



CONFIDENCE IN BUSINESS SURVIVAL



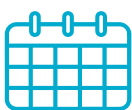
SATISFACTION WITH GOVERNMENT RESPONSE



* Percentages rounded to nearest whole number

METHODOLOGY

This is the eighth wave of PTI's Pacific Business Monitor surveys



Responses were collected 2-15 November 2020



5-minute questionnaire



All surveys completed online



All respondents are decision-makers/owners in small and medium-sized businesses



A wide selection of industry sectors are represented



The information in this report is based on 171 respondents from across the Pacific region

FOR FURTHER INFORMATION



CATH COOKSLEY-LITTLE
General Manager - Marketing, Communications & Tourism
cath@pacifictradeinvest.com