

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 international 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 11th wave of PTI's Pacific Business Monitor surveys includes responses gathered from 1 to 14 February 2021, from 127 businesses across the Pacific region, including 54 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 improved, with 79% reporting a negative impact, which is the lowest since tracking began (down from 86% last wave).
- 81% of businesses reported a decline in revenue due to COVID-19, which is the lowest since tracking began (down from 86% last wave).
- 68% are confident that their business will survive the COVID-19 crisis (down from 75% last wave).

CHALLENGES & SUPPORT NEEDED

- The top three challenges facing businesses as a result of COVID-19 are:
 - » Not knowing how long the crisis will last (82%)
 - » Poor cashflow (82%)
 - » Impact of closed international borders (77%)
- The top four initiatives businesses require assistance with are:
 - » Financial support (65%)
 - » Review financial position (45%)
 - » Diversify business (31%)
 - » Improve online-commerce capabilities (28%)
- The top barrier for female-led businesses to action initiatives is a lack of government support at 46%, compared to 27% in male-led businesses.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on mental health has decreased slightly, with 54% reporting a negative impact on their mental health, which is the lowest since tracking began.
- The proportion of businesses reporting a very negative impact on community wellbeing has increased to 39% (up from 36% last wave).

CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

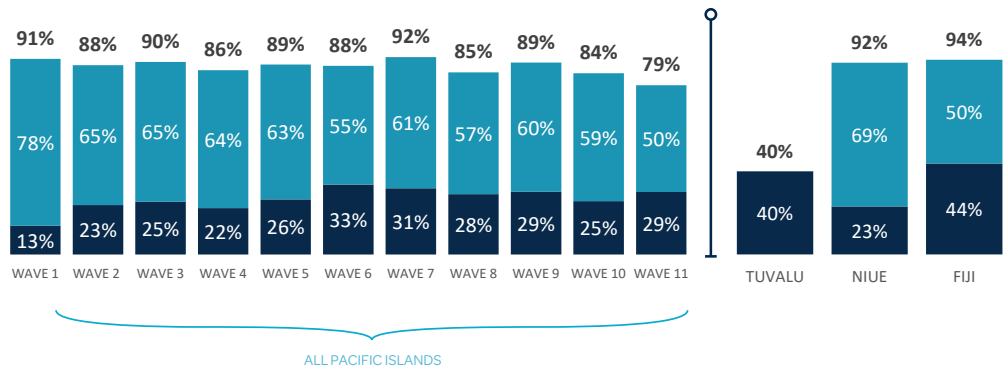
79%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on businesses overall as borders remain closed. The severity of impact has improved, with 79% reporting a negative impact on their business, which is the lowest since tracking began (down from 84% last wave).

REPORTED A NEGATIVE IMPACT ON BUSINESS*

Very negative impact Slightly negative impact



ALL PACIFIC ISLANDS

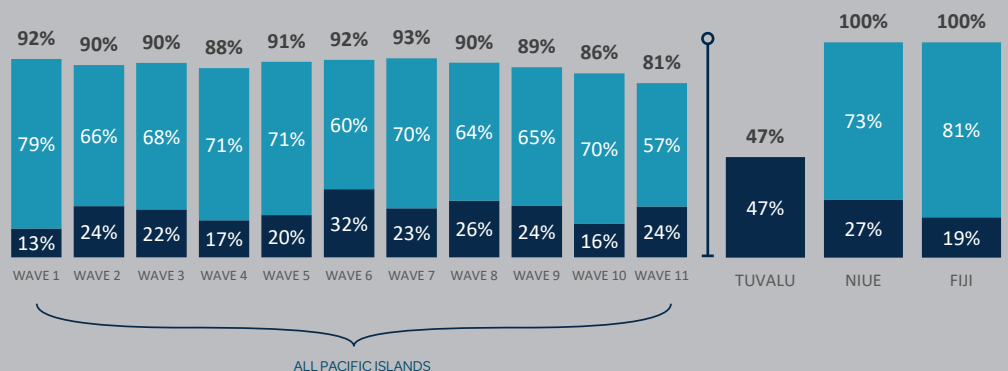
81%

REPORTED A DECLINE IN REVENUE

81% of businesses report a decline in revenue due to COVID-19, which is the lowest since tracking began (down from 86% last wave). The severity of revenue impact has also improved, with 57% reporting a significant decline in revenue (down from 70% last wave).

REPORTED A DECLINE IN REVENUE*

Significant decline Slight decline



ALL PACIFIC ISLANDS

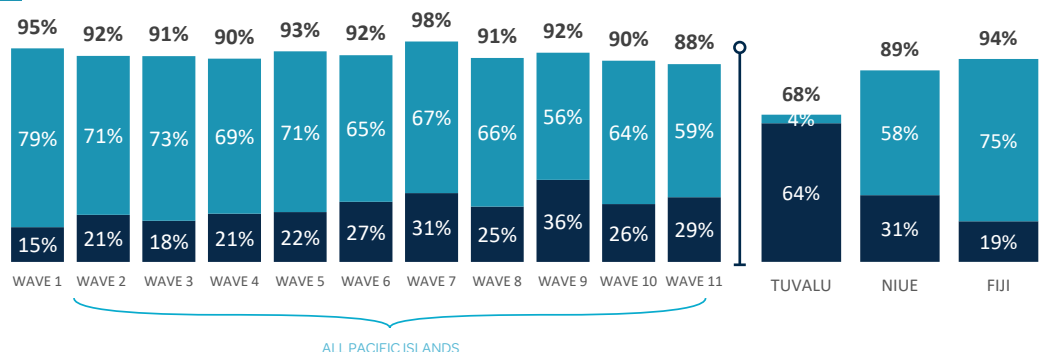
88%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

Negative perceptions of the local economy have also improved in severity this wave, with 88% reporting a negative impact on the local economy, which is the lowest since tracking began (down from 90% last wave).

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*

Very negative impact Slightly negative impact



ALL PACIFIC ISLANDS

*Percentages rounded to nearest whole number

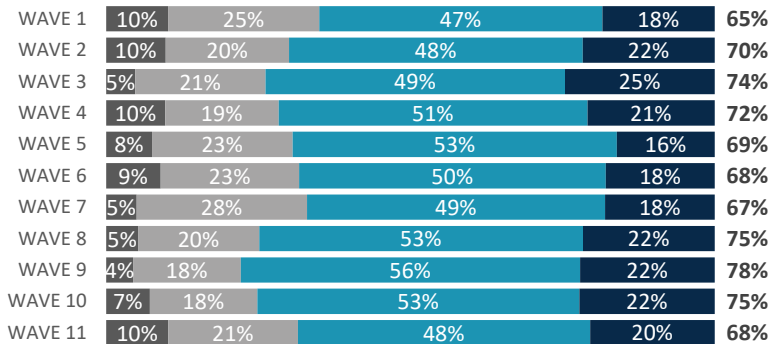
68%

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

68% of respondents are confident that their business will survive the COVID-19 crisis (down from 75% last wave).

CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

ALL PACIFIC ISLANDS

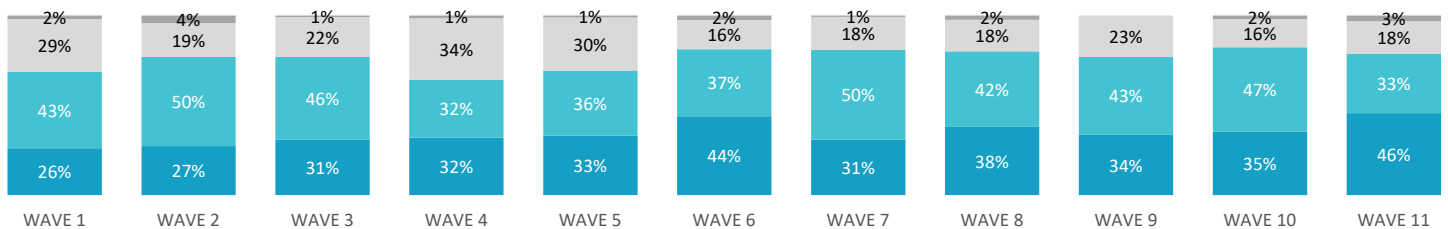


Legend: Not confident at all (dark grey), Not very confident (light grey), Somewhat confident (teal), Very confident (dark blue)



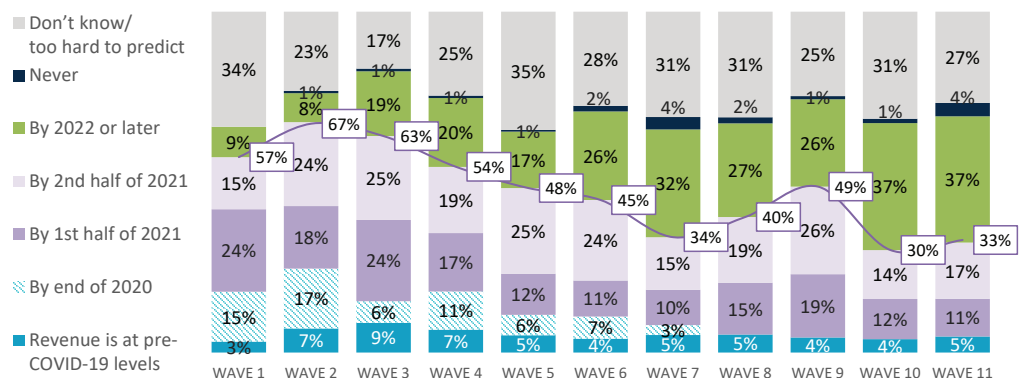
BUSINESS STATUS

Legend: Permanently closed (grey), Temporarily closed (light grey), Partly operational (light teal), Operational (dark teal)



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

Expectations of returning to business as usual are consistent with the last wave, with one in three expecting to return to business as usual by the end of 2021.



Total expect to return to pre-COVID levels by end of 2021 p.3

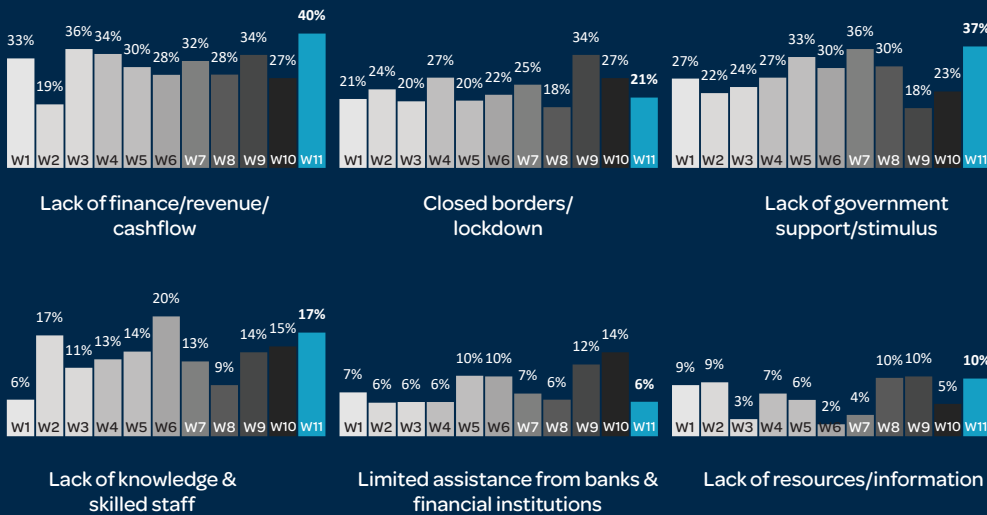
ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



41%

BARRIERS TO ACTIONING INITIATIVES

41% reported that there are barriers preventing them from actioning initiatives to support their business, a decrease from the last wave (48%).

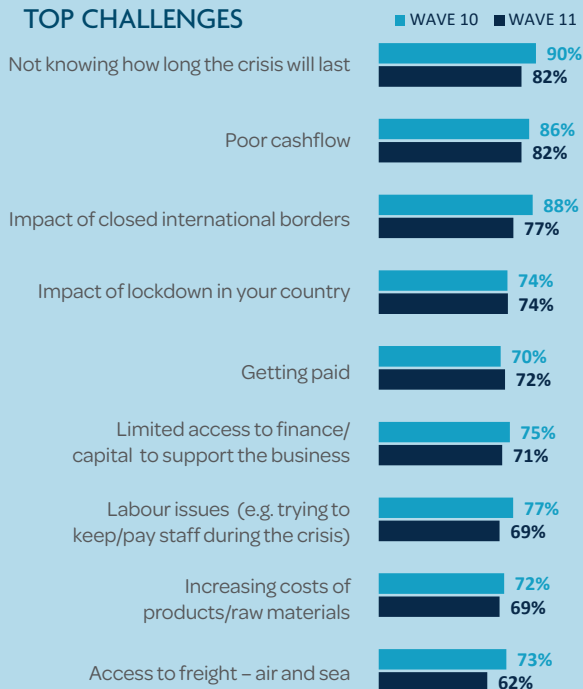


“Funding and skills/expertise to carry these out; unable to import these skills at present.”
 – SME, Financial & Insurance Services, Niue

“Strict Government policies against access to finance and underdeveloped infrastructure to enable e-commerce during this challenging time.”
 – SME, Retail Trade, Tonga

“Government not decreasing fees. Not stopping illegal competitors who don’t pay fees or tax. Price controls on suppliers. Ministries doing nothing to help business and still getting paid. Corruption over stimulus payment.”
 – SME, Accommodation, Hospitality & Food Service, Tonga

TOP CHALLENGES

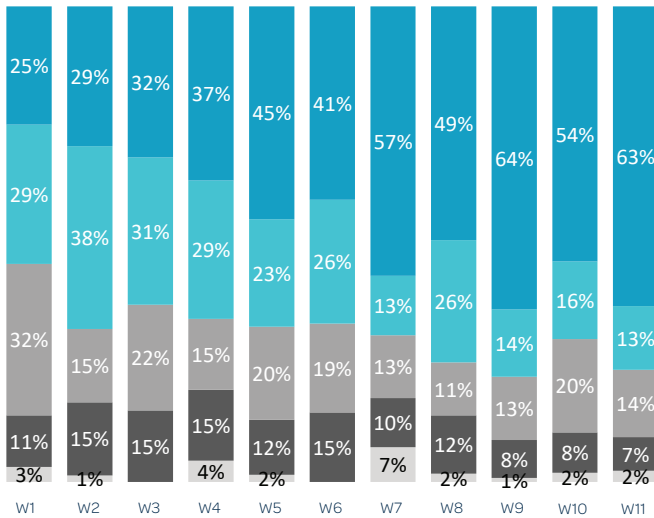


TOP INITIATIVES NEEDED TO ACTION NOW



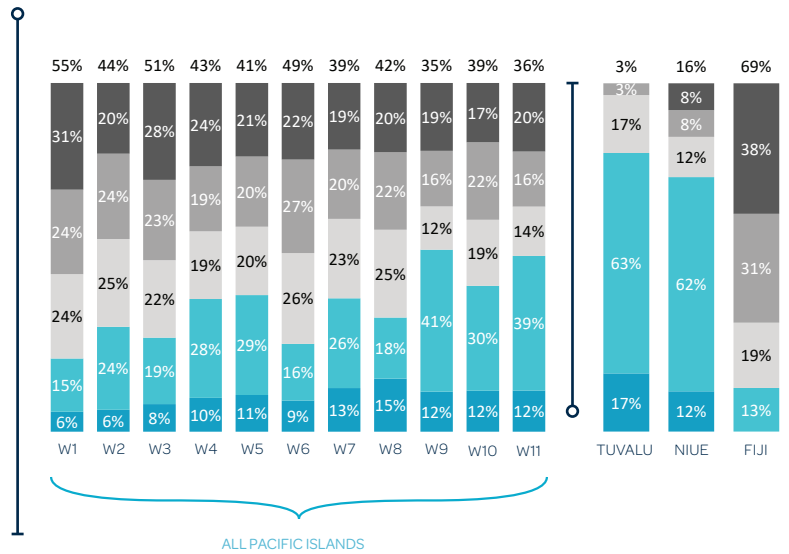
GOVERNMENT SUPPORT

HAS YOUR BUSINESS ACCESSED ANY SUPPORT?



Yes, the government has provided some support
 Not yet, but we will require support from the government
 Our government has not provided any support to businesses
 No support required
 Don't know

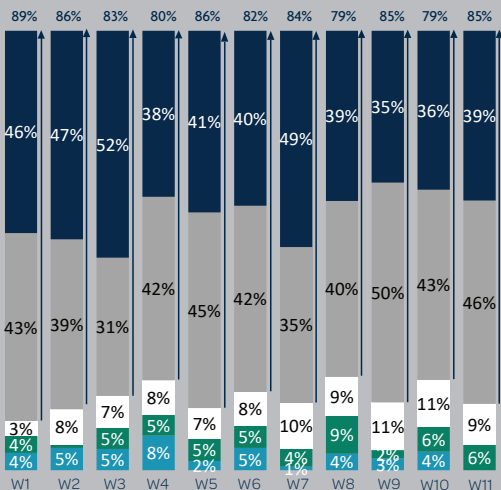
SATISFACTION WITH GOVERNMENT RESPONSE



Extremely satisfied
 Somewhat satisfied
 Extremely dissatisfied
 Somewhat dissatisfied
 Neutral

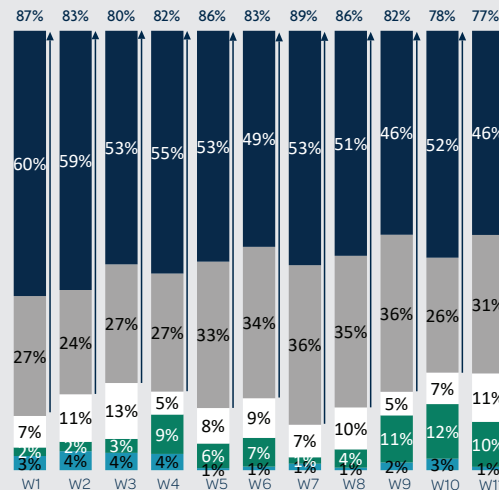
PERSONAL WELLBEING

WELLBEING OF THE COMMUNITY



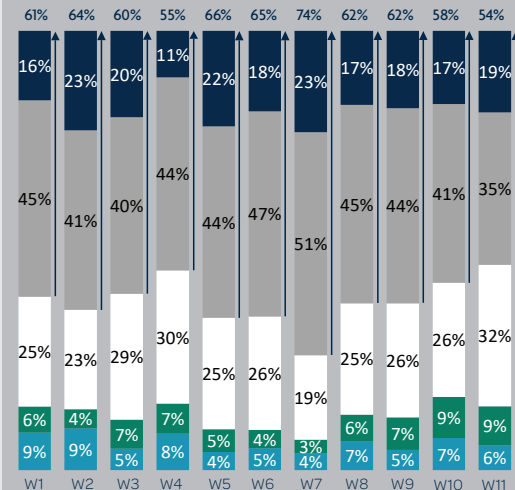
The proportion of businesses reporting a very negative impact on community wellbeing has increased slightly to 39% (up from 36% last wave).

PERSONAL FINANCIAL SITUATION



COVID-19 continues to have a significant impact on business decision-makers' personal financial situation; those reporting a negative impact remaining relatively stable at 77% (down from 78% last wave).

MENTAL HEALTH

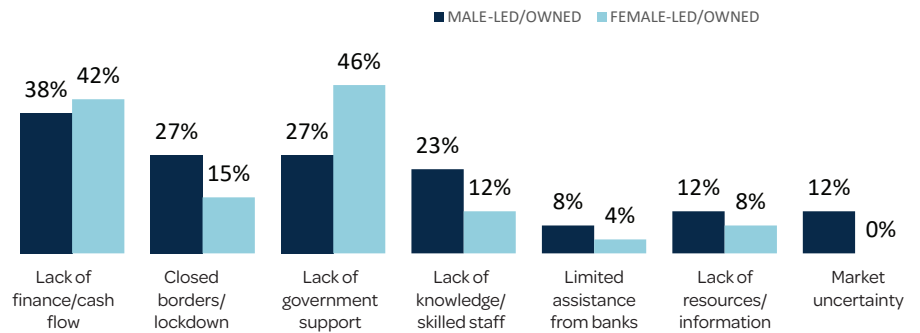
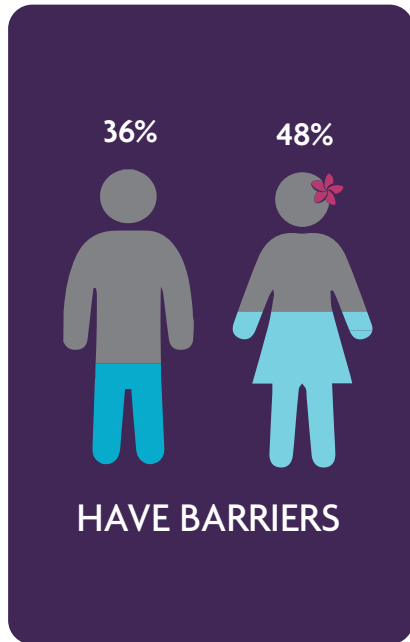


The negative toll on mental health has remained stable since the last wave, with 54% reporting a negative impact on their mental health (down from 58% last wave).

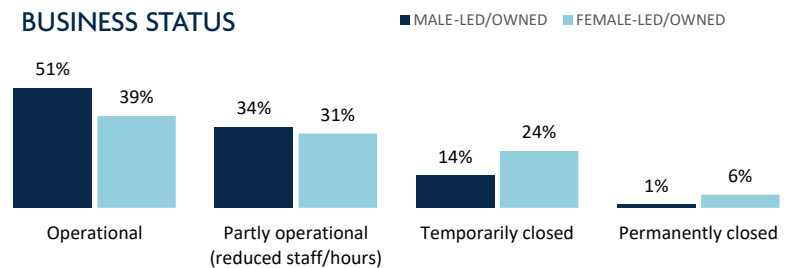
Very negative Slightly negative No impact Slightly positive Very positive

IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

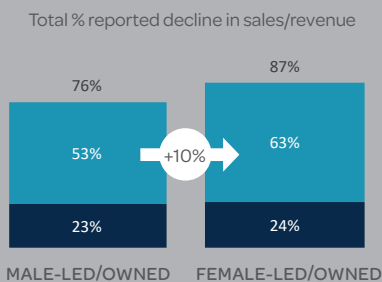
BARRIERS PREVENTING ACTIONING OF INITIATIVES



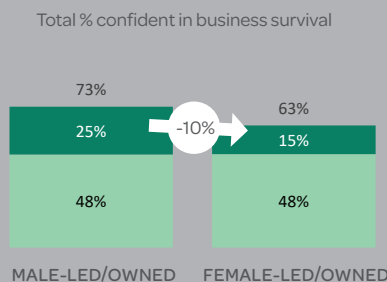
BUSINESS STATUS



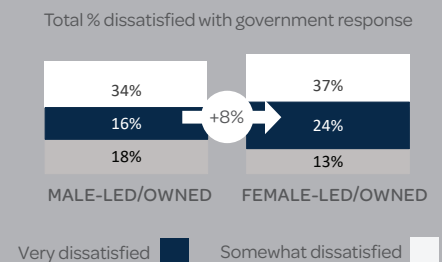
IMPACT ON BUSINESS REVENUE



CONFIDENCE IN BUSINESS SURVIVAL



SATISFACTION WITH GOVERNMENT RESPONSE



Significant decline in sales/revenue ■
Slight decline in sales/revenue ■

Very confident ■
Somewhat confident ■

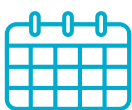
% have received government support



* Percentages rounded to nearest whole number

METHODOLOGY

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



Responses were collected 1 - 14 February 2021



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 127 respondents from across the Pacific region

FOR FURTHER INFORMATION

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