

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 12th wave of PTI's Pacific Business Monitor surveys includes responses gathered from 1 to 14 March 2021, from 136 businesses across the Pacific region, including 63 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 remained relatively stable, with 80% reporting a negative impact (up from 79% last wave).
- 81% of businesses reported a decline in revenue due to COVID-19, which is consistent with last wave.
- 69% are confident that their business will survive the COVID-19 crisis (up from 68% last wave).

CHALLENGES & SUPPORT NEEDED

- The top three challenges facing businesses as a result of COVID-19 are:
 - » Impact of closed international borders (86%)
 - » Not knowing how long the crisis will last (81%)
 - » Poor cashflow (80%)
- The top four initiatives businesses require assistance with are:
 - » Financial support (55%)
 - » Review financial position (46%)
 - » Diversify business (26%)
 - » Improve online-commerce capabilities (25%)
- 59% of female-led businesses report having barriers that prevent them actioning initiatives to support their business, compared to 34% of male-led businesses.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on mental health has worsened, with 65% reporting a negative impact on their mental health (up from 54% last wave).
- The proportion of businesses reporting a very negative impact on community wellbeing has decreased to 28% (down from 39% last wave).

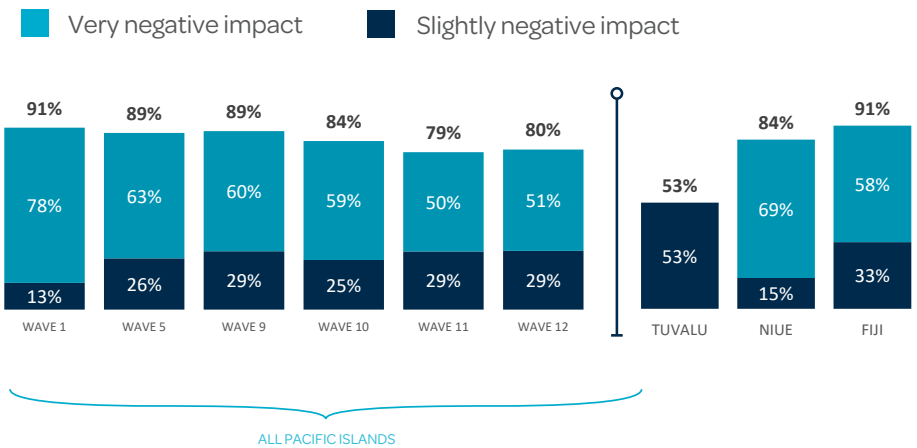
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

80%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on businesses as borders remain closed. The severity of impact has remained relatively stable this wave, with 80% reporting a negative impact (up from 79% last wave).

REPORTED A NEGATIVE IMPACT ON BUSINESS*

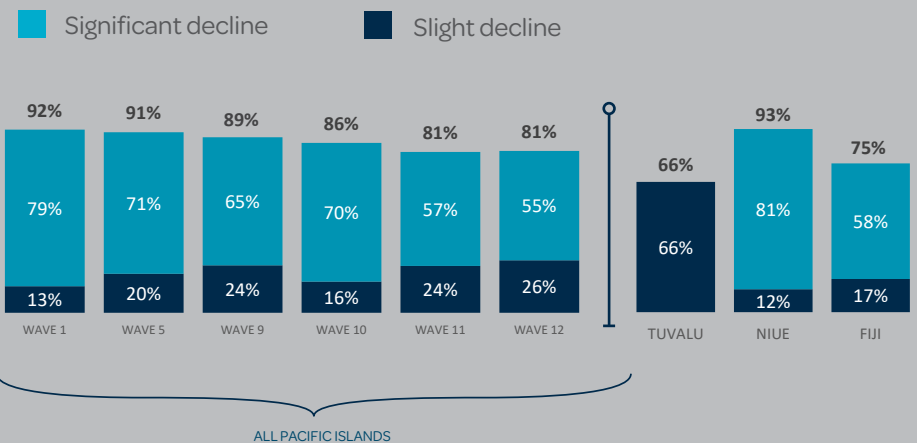


81%

REPORTED A DECLINE IN REVENUE

81% of businesses continue to report a decline in revenue due to COVID-19. The severity of revenue impact has slightly improved, with 55% reporting a significant decline in revenue (down from 57% last wave).

REPORTED A DECLINE IN REVENUE*

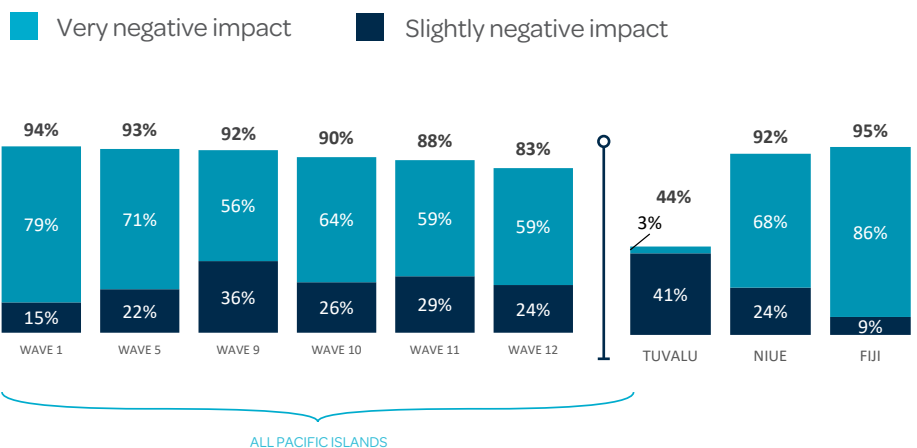


83%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

Negative perceptions of the local economy have also decreased this wave, with 83% reporting a negative impact on the local economy, which is the lowest since tracking began (down from 88% last wave).

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



*Percentages rounded to nearest whole number



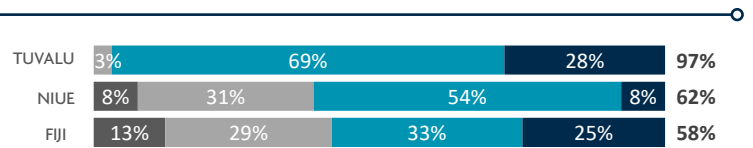
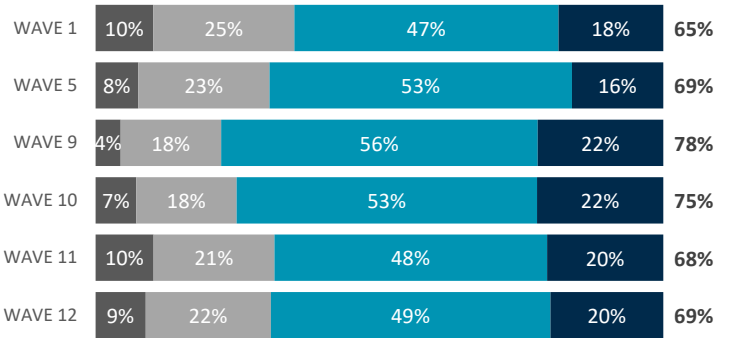
69%

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

69% of respondents are confident that their business will survive the COVID-19 crisis (up from 68% last wave).

CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

ALL PACIFIC ISLANDS

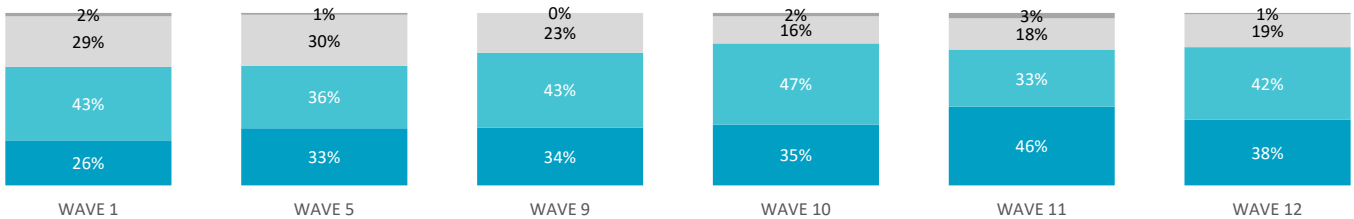


Legend: Not confident at all, Not very confident, Somewhat confident, Very confident



BUSINESS STATUS

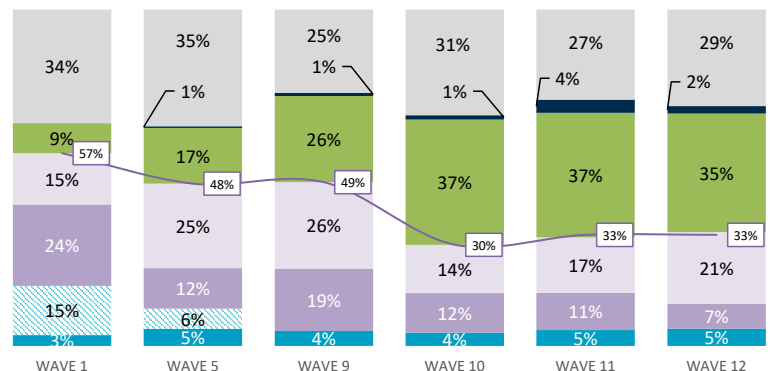
Legend: Permanently closed, Temporarily closed, Partly operational, Operational



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 businesses expecting to return to business as usual by the end of 2021.

Legend: Don't know/ too hard to predict, Never, By 2022 or later, By 2nd half of 2021, By 1st half of 2021, By end of 2020, Revenue is at pre-COVID-19 levels



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

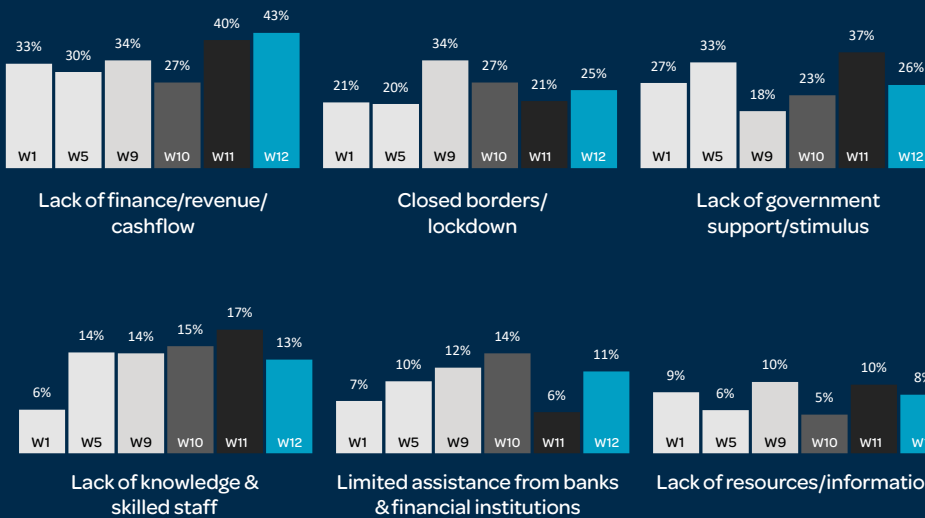
ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



46%

BARRIERS TO ACTIONING INITIATIVES

46% reported that there are barriers preventing them from actioning initiatives to support their business (up from 41% last wave).

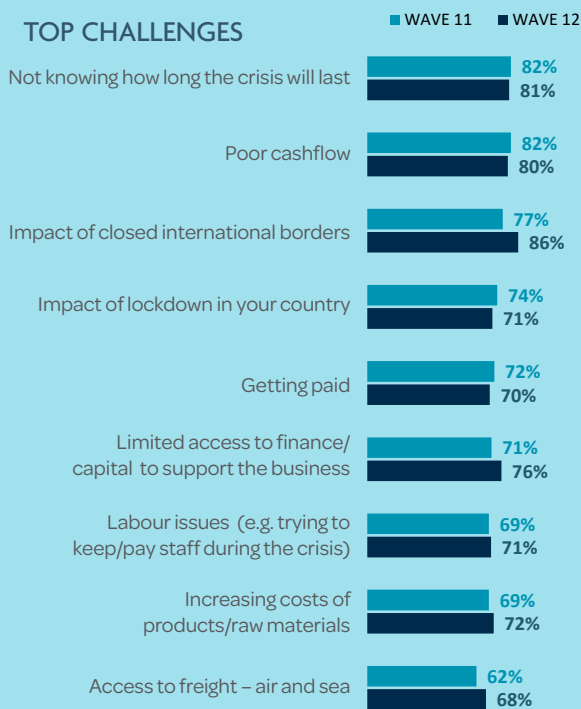


“High shipping costs, difficulties with online payment methods/costs, low & fluctuating cashflow.”
– SME, Manufacturing, Fiji

“Closed borders, no government dialogue for medium term planning, no financial assistance to meet fixed costs even though we are closed for business.”
– SME, Tourism, Tonga

“Closed borders. Lack of access to online trade sites due to location. Niue does not meet the criteria for online trade because of our isolation and lack of trade routes.”
– SME, Information, Media & Telecommunications, Niue

TOP CHALLENGES

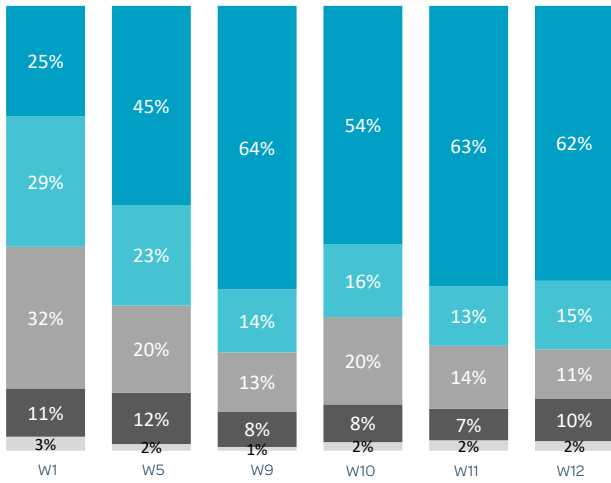


TOP INITIATIVES NEEDED TO ACTION NOW



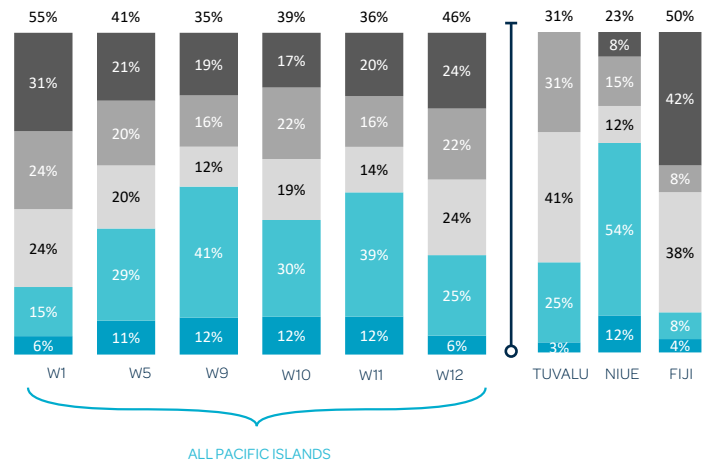
GOVERNMENT SUPPORT

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

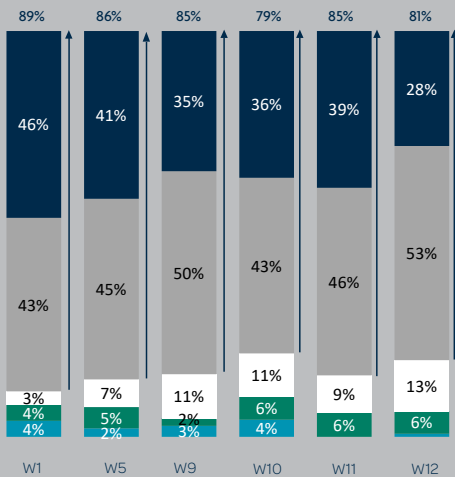
SATISFACTION WITH GOVERNMENT RESPONSE



Extremely satisfied
 Somewhat satisfied
 Extremely dissatisfied
 Somewhat dissatisfied
 Neutral

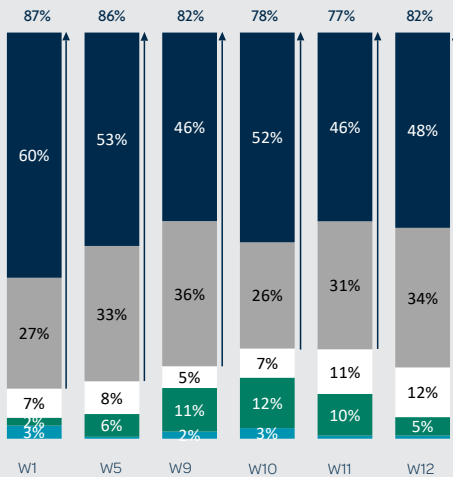
PERSONAL WELLBEING

WELLBEING OF THE COMMUNITY



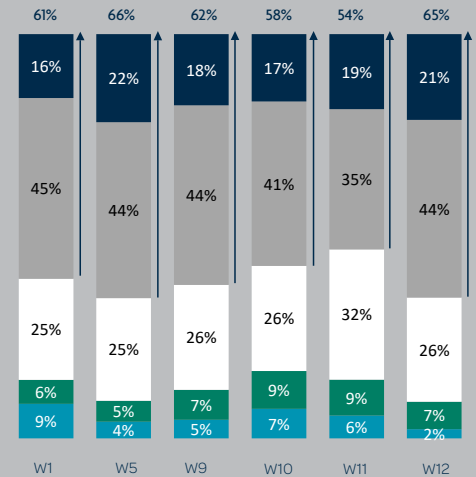
The proportion of businesses reporting a very negative impact on community wellbeing has decreased to 28% (up from 39% last wave).

PERSONAL FINANCIAL SITUATION



COVID-19 continues to have a significant impact on business decision-makers' personal financial situation; those reporting a negative impact has increased to 82% (up from 77% last wave).

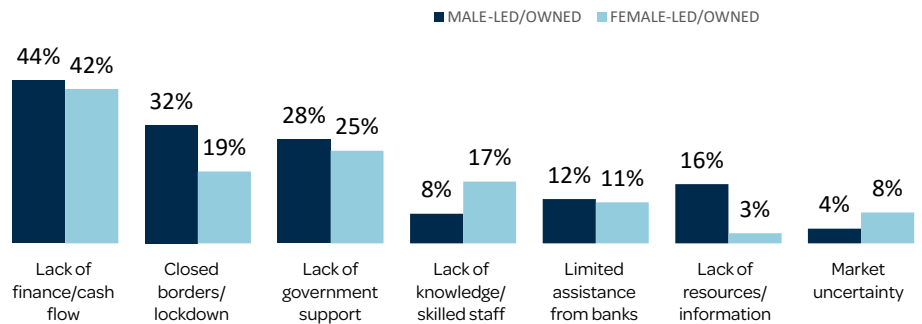
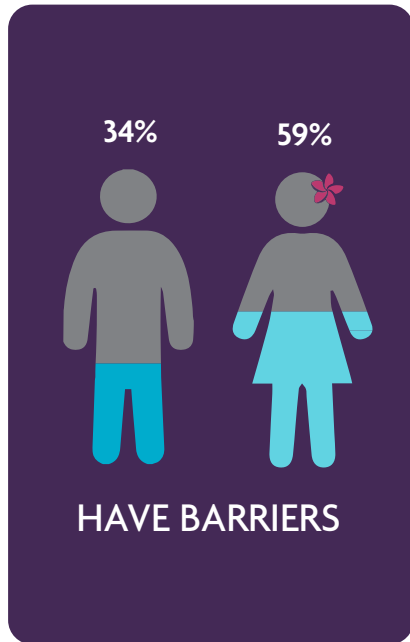
MENTAL HEALTH



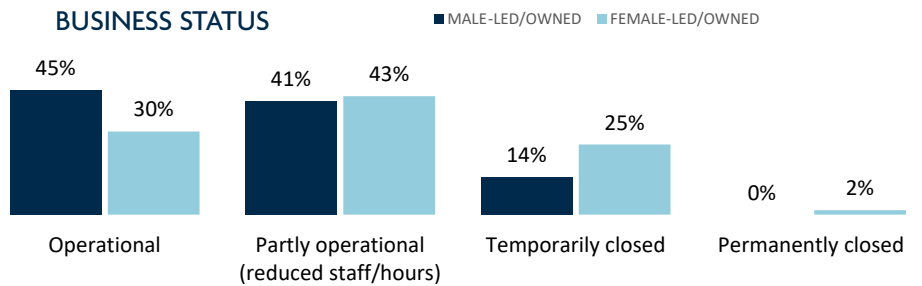
The negative toll on mental health has worsened since last wave, with two thirds reporting negative impact on their mental health (up from 54% last wave).

IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

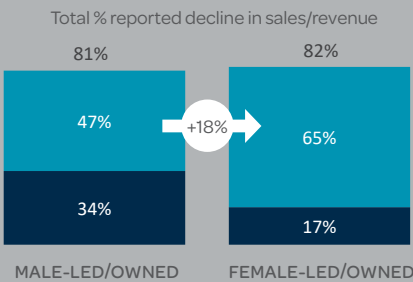
BARRIERS PREVENTING ACTIONING OF INITIATIVES



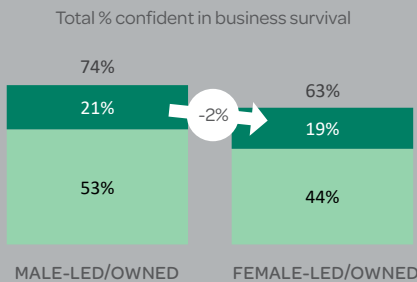
BUSINESS STATUS



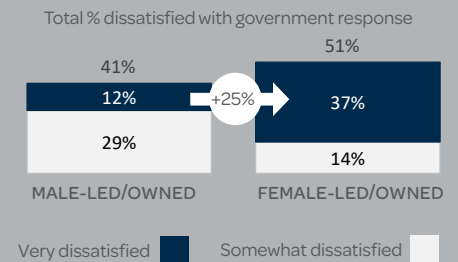
IMPACT ON BUSINESS REVENUE



CONFIDENCE IN BUSINESS SURVIVAL



SATISFACTION WITH GOVERNMENT RESPONSE



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

Very confident
Somewhat confident

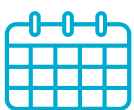
% have received government support



* Percentages rounded to nearest whole number

METHODOLOGY

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



Responses were collected 1 – 14 March 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 136 respondents from across the Pacific region

FOR FURTHER INFORMATION



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