



Pacific Trade Invest

# PACIFIC BUSINESS MONITOR 2020

## PAPUA NEW GUINEA FOCUS



PACIFIC ISLANDS  
FORUM SECRETARIAT

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# INTRODUCTION

## INSIGHTS INTO PACIFIC BUSINESSES

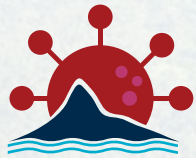
The COVID-19 outbreak has caused a global health emergency and an economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region.

International tourism is a driving sector for local Pacific economies, but travel restrictions in 2020, including border closures, have affected businesses in this region.

To understand the ongoing impact on the Pacific's private sector, Pacific Trade Invest (PTI) commissioned Fifth Quadrant, an independent research agency, to run a regular survey to understand the ongoing effects of COVID-19 on businesses in the Pacific.

This report reviews the data collected from across the Pacific region in the first nine waves of the survey, conducted from 18 May–13 December 2020.

# OBJECTIVES



## UNDERSTAND THE IMPACT OF COVID-19 ON SMES IN THE PACIFIC:

- Track impact on business revenue
- Track impact on the local economy
- Track level of concern regarding business survival
- Track impact on mental health

## COMPARE SATISFACTION WITH GOVERNMENT SUPPORT:

- Track satisfaction with government response and support
- Track access to government support



## UNDERSTAND HOW SMES IN THE PACIFIC ARE REACTING TO THE CRISIS:

Track how businesses are adapting to the crisis to reduce impact and damage (e.g. reduced wages, staff/operational costs etc.)

## IDENTIFY KEY AREAS OF SUPPORT NEEDED TO RECOVER FROM THE IMPACT OF COVID-19:

- Expectations regarding speed of recovery
- Initiatives taken to optimise/improve business readiness for upswing
- Understand the key challenges
- What assistance do they need to adapt/optimize/ improve/ survive?
- What information is required?



# SAMPLE PROFILE

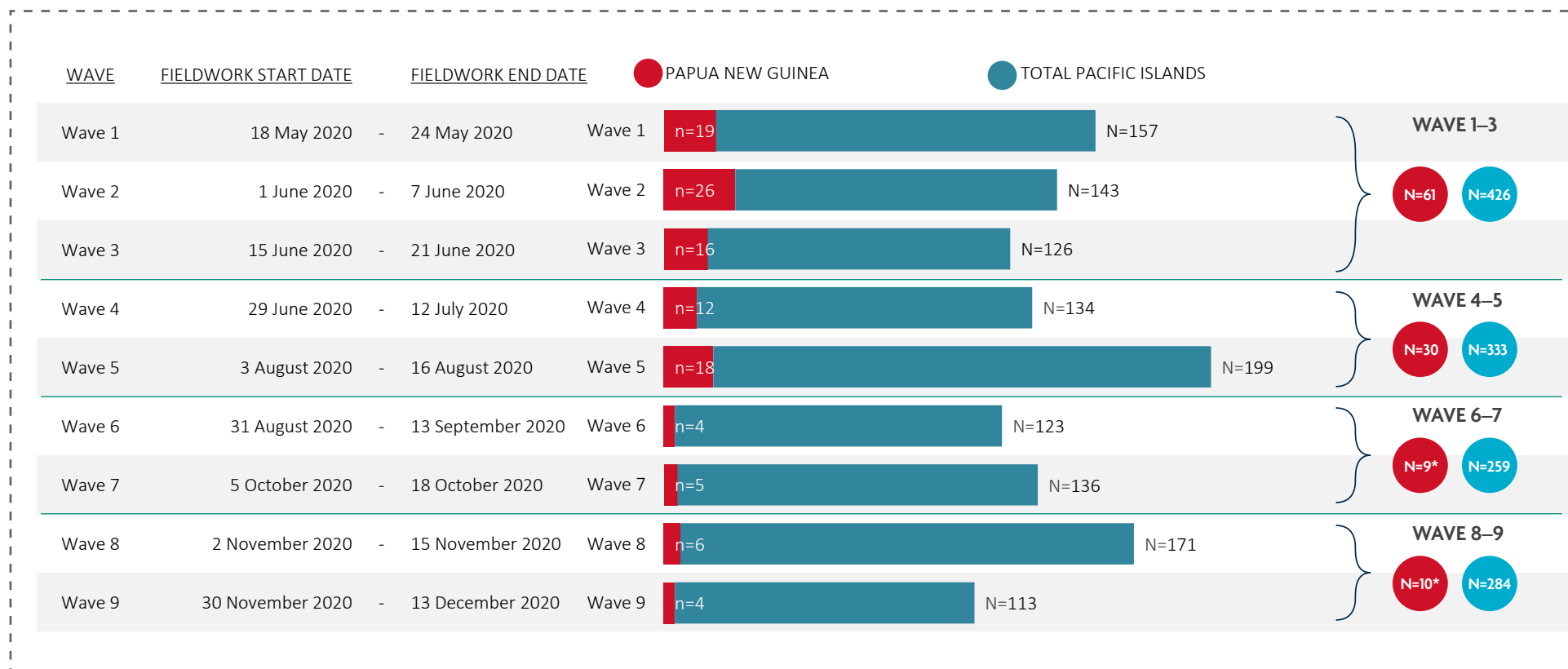
## LOCATION

Our sample includes businesses based in the Pacific Islands. We achieved a robust sample of over n=110 for each wave in 2020 and a relatively consistent representation of businesses in Papua New Guinea (PNG) across each wave.

	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6	Wave 7	Wave 8	Wave 9
TOTAL PACIFIC ISLANDS	157	143	126	134	199	123	136	171	113
Cook Islands	10	4	4	2	20	4	31	19	17
Federated States of Micronesia (FSM)	1	0	0	0	0	0	0	0	0
Fiji	27	15	10	10	6	13	5	34	9
French Polynesia	3	0	4	2	0	1	0	1	1
Kiribati	6	2	3	2	4	1	2	4	0
Marshall Islands	1	1	1	0	0	7	1	0	0
Nauru	1	0	2	0	1	0	1	1	1
New Caledonia	8	10	7	9	25	12	7	10	6
Niue	2	36	10	52	41	18	22	36	30
Palau	2	13	16	4	5	9	4	4	3
<b>PNG</b>	<b>19</b>	<b>26</b>	<b>16</b>	<b>12</b>	<b>18</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>4</b>
Samoa	15	10	12	5	10	10	9	8	4
Solomon Islands	8	8	13	8	30	6	6	9	9
Tonga	32	9	16	15	18	10	8	11	2
Tuvalu	2	1	1	4	13	15	26	15	20
Vanuatu	20	8	11	9	8	13	9	13	7

# SAMPLE PROFILE

As base sizes were low for some waves, 2020 waves were combined into four periods as shown below to maximise the validity of the data and ensure reliable comparison of PNG to the Pacific Islands.



\* Low base size

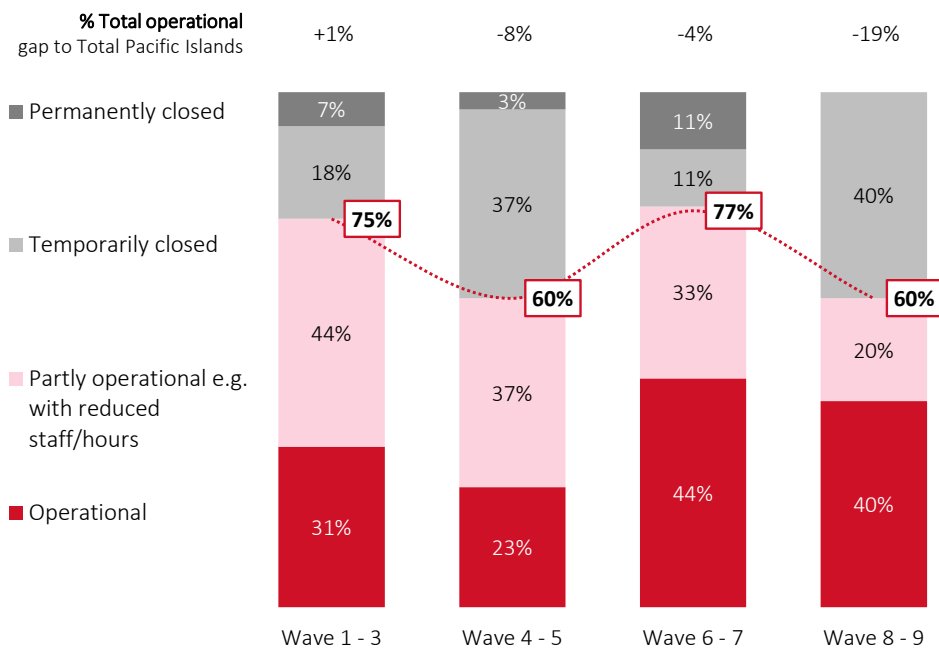
# IMPACT OF COVID-19 ON BUSINESS STATUS

The COVID-19 crisis has had a significant impact on the normal operation of businesses in PNG, with 40% temporarily closed at the end of 2020 compared to 20% across the rest of the Pacific Islands.

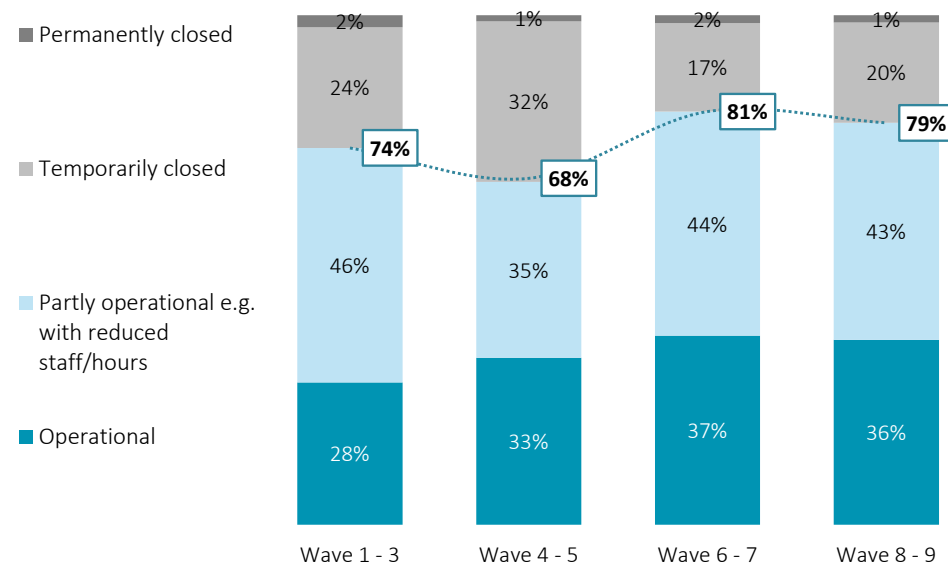
Q

WHAT IS YOUR CURRENT BUSINESS STATUS?

## PAPUA NEW GUINEA



## TOTAL PACIFIC ISLANDS



..... % TOTAL OPERATIONAL

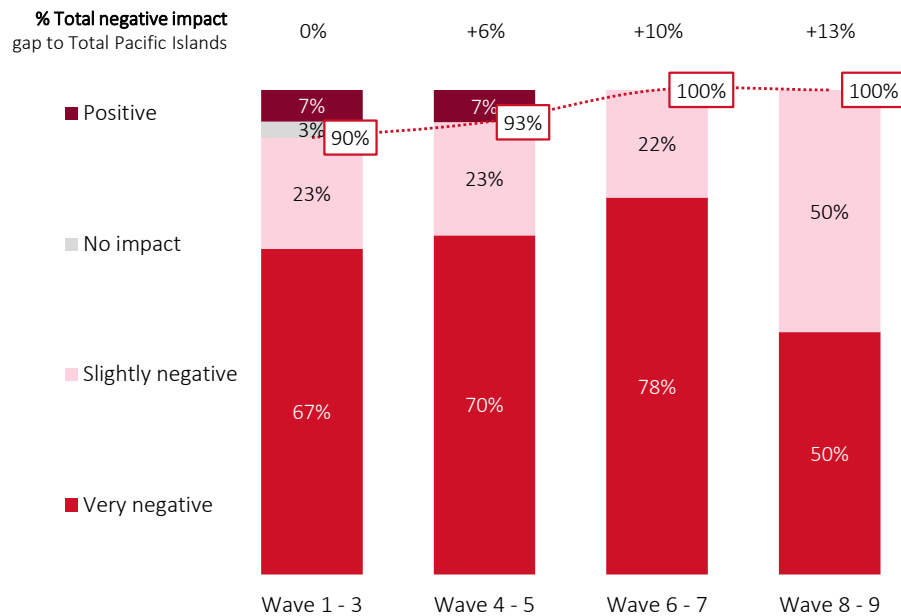
# IMPACT OF COVID-19 ON BUSINESS

The negative impact on business has remained higher for businesses in PNG across 2020 compared to the Pacific Islands overall. November to December 2020 (Wave 8-9) saw those experiencing very negative impact on their business decrease to 50%, the lowest level since tracking began for PNG, likely as more businesses were operating at full capacity in PNG at the end of the year.

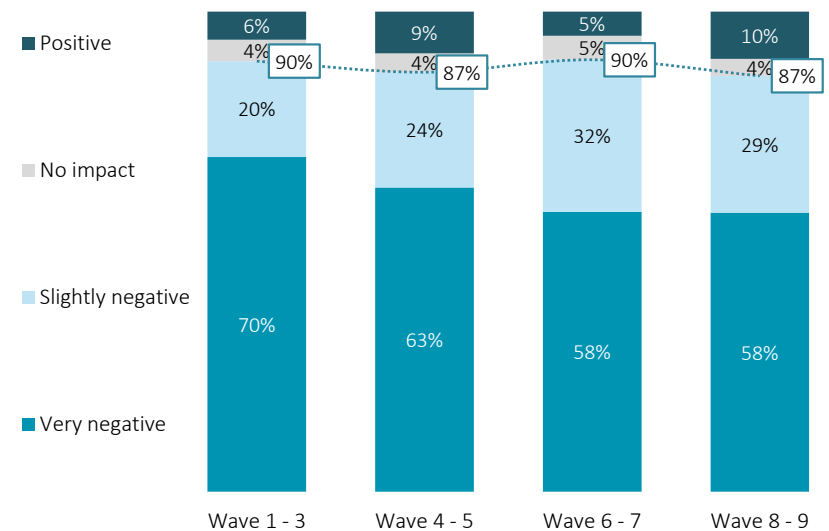
Q

HOW WOULD YOU DESCRIBE THE IMPACT OF THE COVID-19 OUTBREAK ON YOUR BUSINESS?

## PAPUA NEW GUINEA



## TOTAL PACIFIC ISLANDS



..... % TOTAL NEGATIVE IMPACT

# IMPACT OF COVID-19 ON BUSINESS REVENUE

Declines in revenue have accumulated over 2020 for businesses in PNG, with a higher proportion experiencing significant revenue decline compared to the Pacific Islands overall.

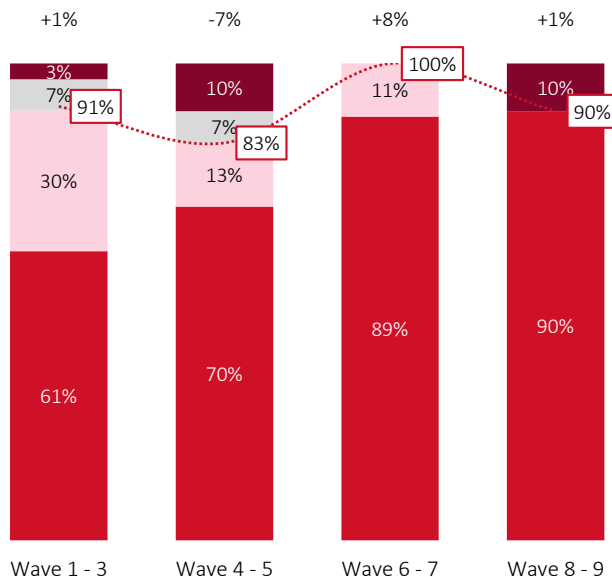
Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS SALES/REVENUE SO FAR?

## PAPUA NEW GUINEA

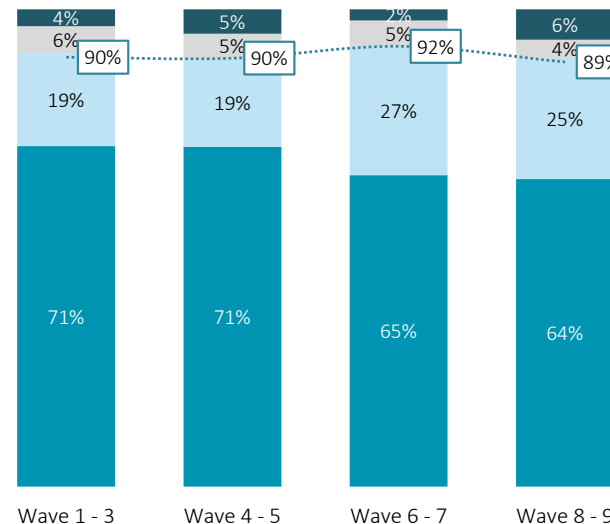
% Total decline in revenue gap to Total Pacific Islands

- Increase
- No impact
- Slight decline
- Significant decline



## TOTAL PACIFIC ISLANDS

- Increase
- No impact
- Slight decline
- Significant decline



..... % TOTAL DECLINE IN REVENUE



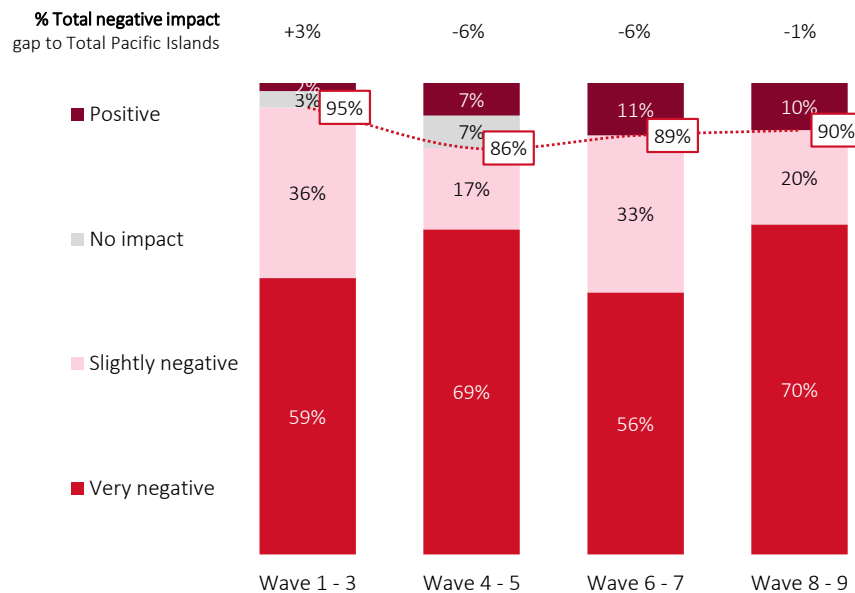
# IMPACT OF COVID-19 ON THE LOCAL ECONOMY

Those reporting a very negative impact on the local economy in PNG was higher than the Pacific Islands overall by the end of 2020.

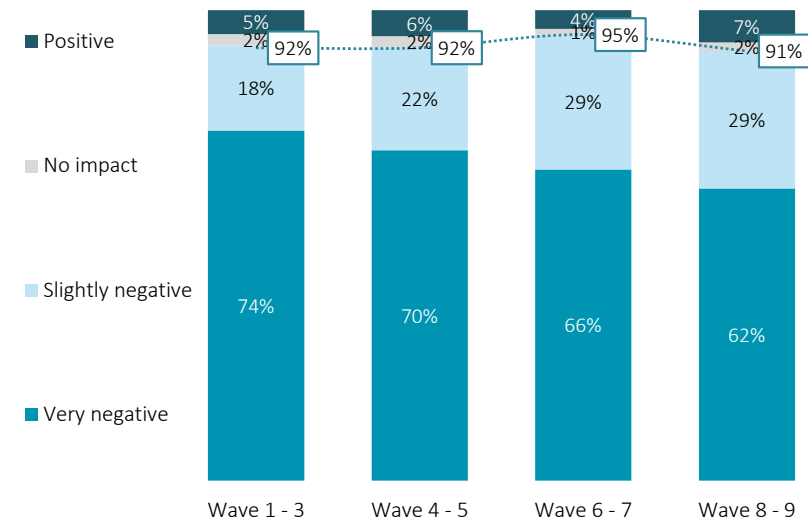
Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR LOCAL ECONOMY?

## PAPUA NEW GUINEA



## TOTAL PACIFIC ISLANDS



..... % TOTAL NEGATIVE IMPACT

# IMPACT OF COVID-19 ON WELLBEING

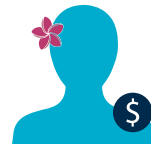
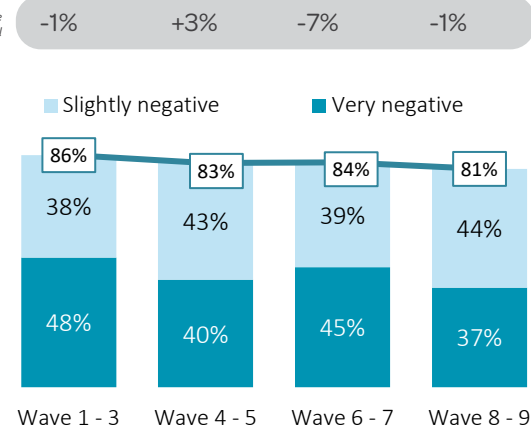
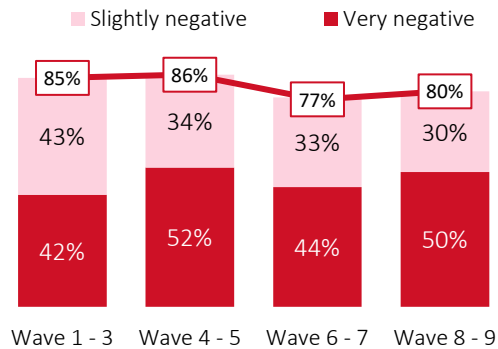
In line with greater declines in revenue, decision-makers in PNG reported greater levels of very negative impact on their community wellbeing, financial situation and mental health by the end of 2020.



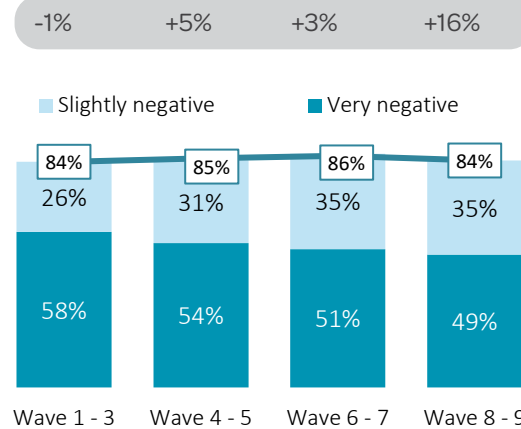
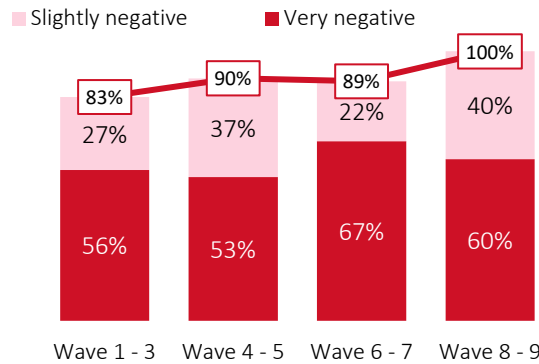
WHAT IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING...?



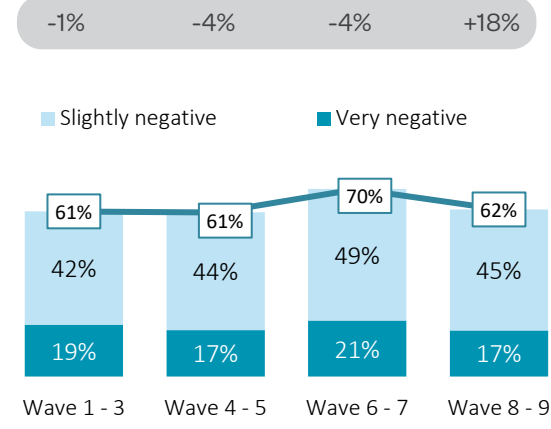
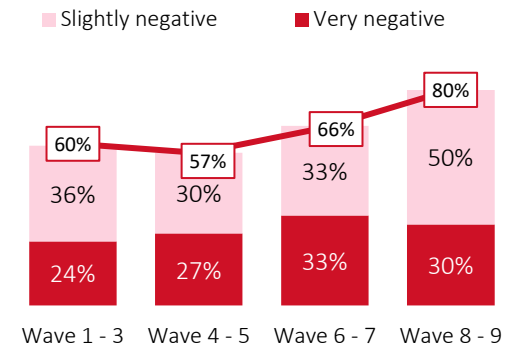
## THE WELLBEING OF YOUR COMMUNITY



## YOUR PERSONAL FINANCIAL SITUATION



## YOUR MENTAL HEALTH



# IMPACT OF COVID-19 ON EMOTIONAL STATE

Negative impact on business revenue at the end of 2020 also translated to less expression of positive sentiments such as optimism and happiness and slightly higher levels of anger among PNG decision-makers.

Q

THINKING BACK OVER THE LAST 2 WEEKS, HOW OFTEN DID YOU FEEL...?

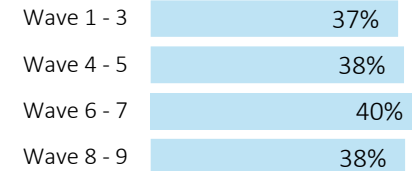
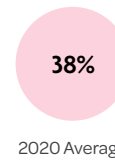
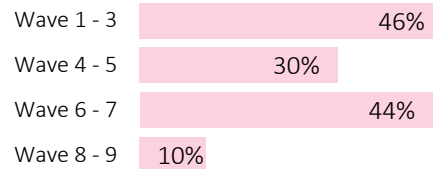
## PAPUA NEW GUINEA

## TOTAL PACIFIC ISLANDS



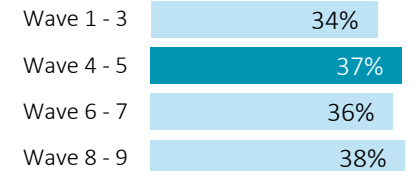
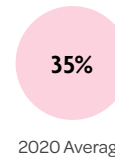
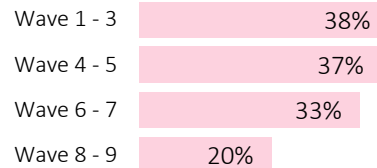
### OPTIMISTIC

% Felt optimistic all/most of the time



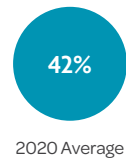
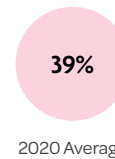
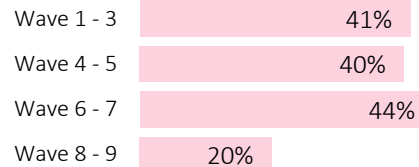
### HAPPY

% Felt happy all/most of the time



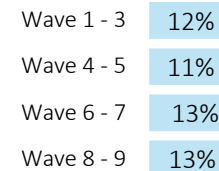
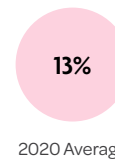
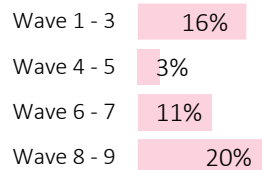
### WORRIED

% Felt worried all/most of the time



### ANGRY

% Felt angry all/most of the time



# CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

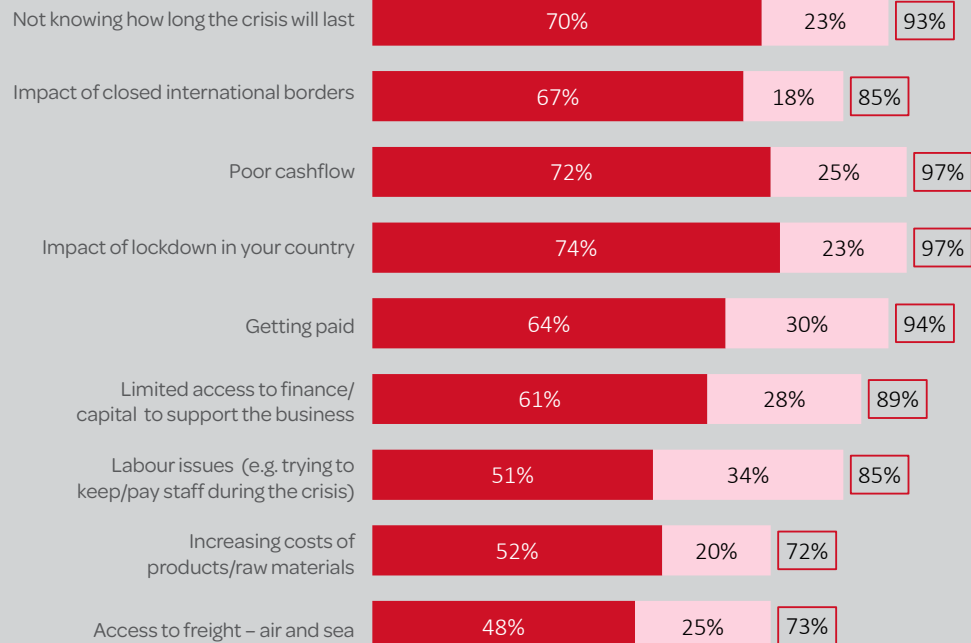
By the end of 2020, the extent of challenges faced by PNG businesses have increased significantly across most factors as borders remain closed.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

## PAPUA NEW GUINEA: WAVE 1-3

■ Very Challenging ■ Somewhat Challenging ■ % Total challenging

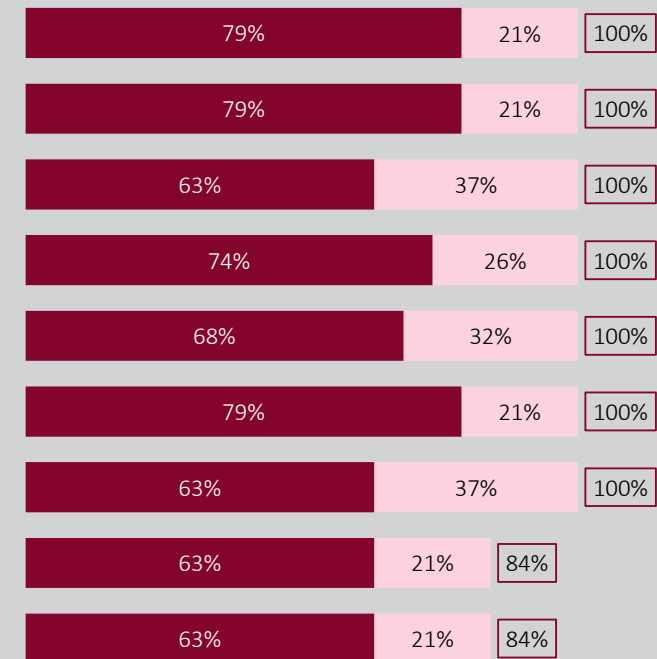


% Total challenging  
Wave 6-9 difference to  
Wave 1-3

+7%  
+15%  
+3%  
+3%  
+6%  
+11%  
+15%  
+12%  
+11%

## PAPUA NEW GUINEA: WAVE 6-9

■ Very Challenging ■ Somewhat Challenging ■ % Total challenging



# CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

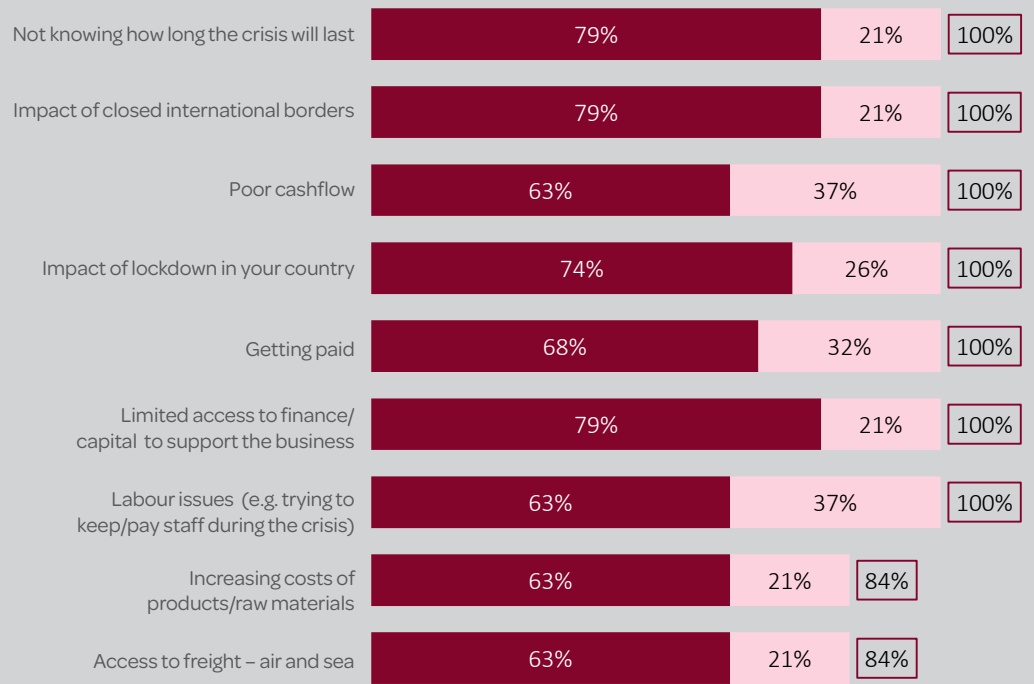
Businesses in PNG were more likely to face more challenges than the Pacific Islands overall. Limited finance, lockdown and issues regarding retaining labour and pay posed significant concerns for PNG from September to December (Wave 6-9), compared to that of the Pacific Islands.



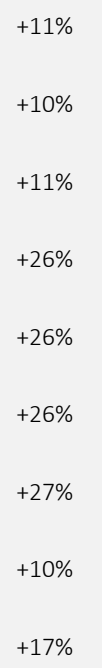
HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

## PAPUA NEW GUINEA: WAVE 6-9

Very Challenging    Somewhat Challenging    % Total challenging

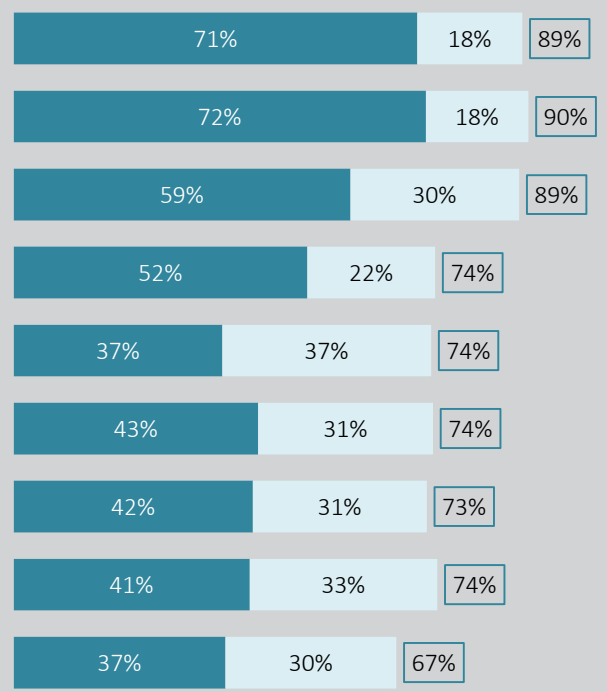


% Total challenging  
Wave 6-9 gap to  
Total Pacific Islands



## TOTAL PACIFIC ISLANDS: WAVE 6-9

Very Challenging    Somewhat Challenging    % Total challenging



# ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

Businesses in PNG continue to implement initiatives to reduce staff and operational costs. These actions continue to be of top priority in order to tackle the negative impact of the pandemic on the businesses in PNG. Positively, there was greater focus on diversifying products/services and shifting operations to an online base towards the end of 2020.

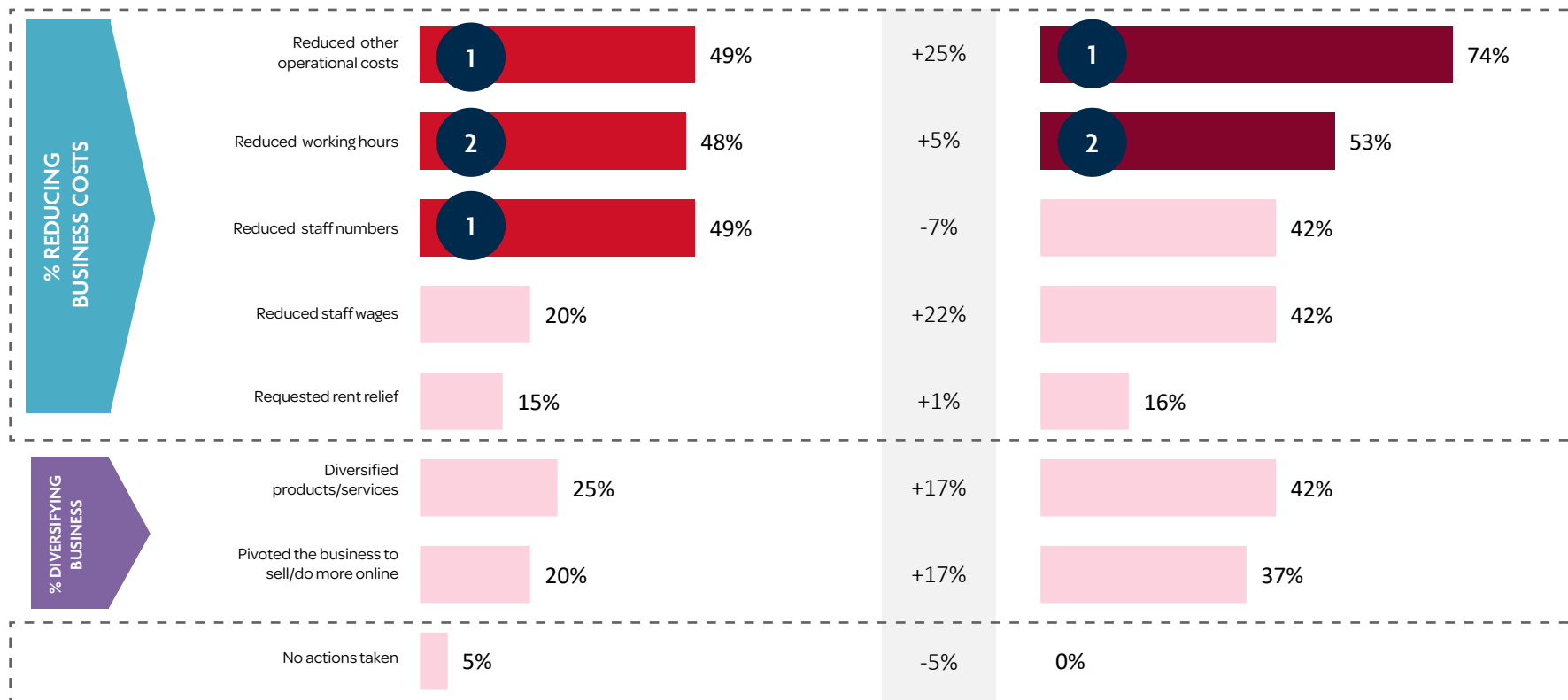


INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.

## PAPUA NEW GUINEA: WAVE 1-3

Wave 6-9 difference to Wave 1-3

## PAPUA NEW GUINEA: WAVE 6-9



AVERAGE NUMBER OF ACTIONS TAKEN

2.3

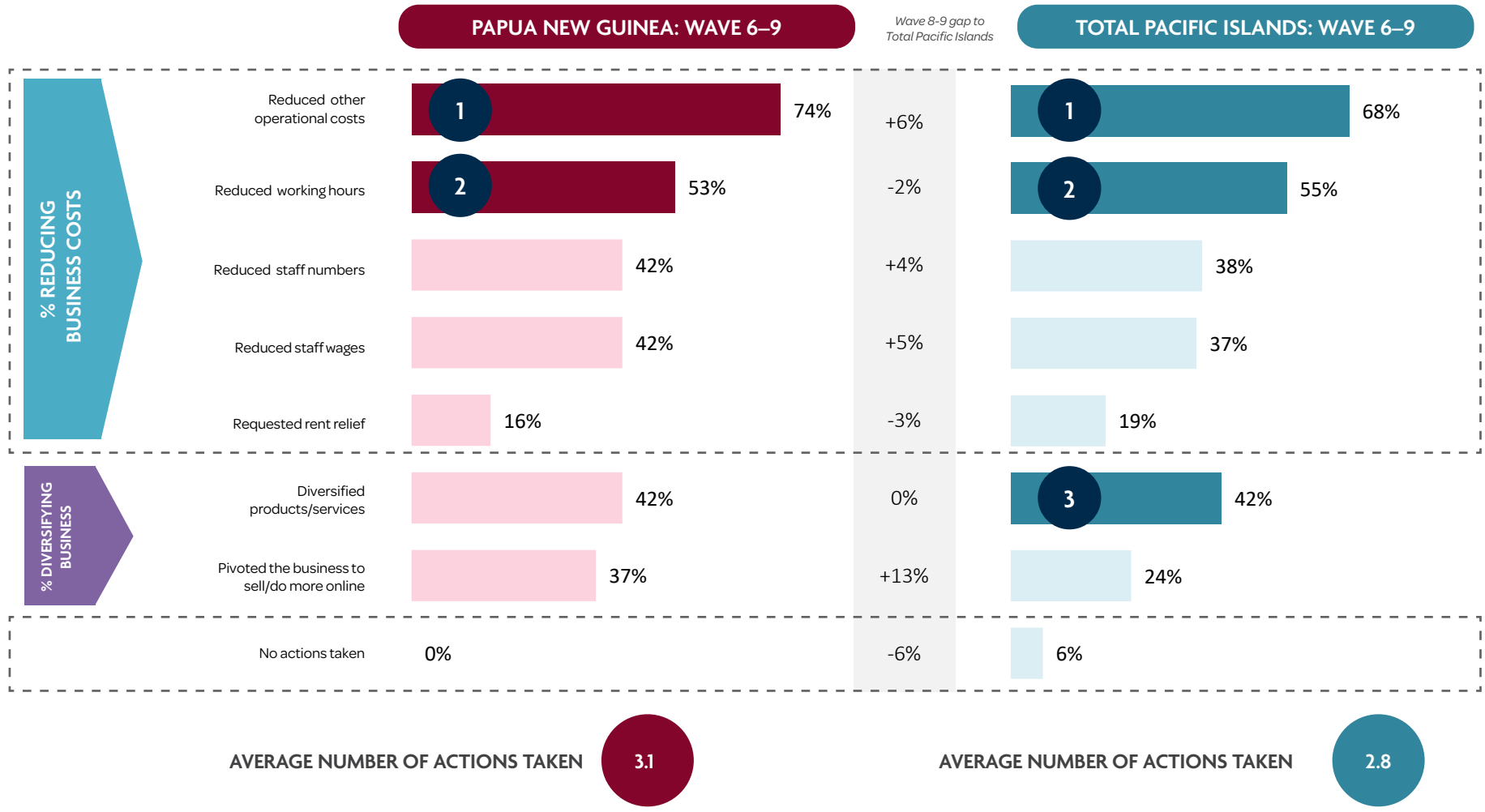
AVERAGE NUMBER OF ACTIONS TAKEN

3.1

# ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

Compared to Pacific Islands overall, businesses in PNG are taking similar actions to reduce cost and damage, but are more likely to be pivoting to sell more online.

**Q** INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.



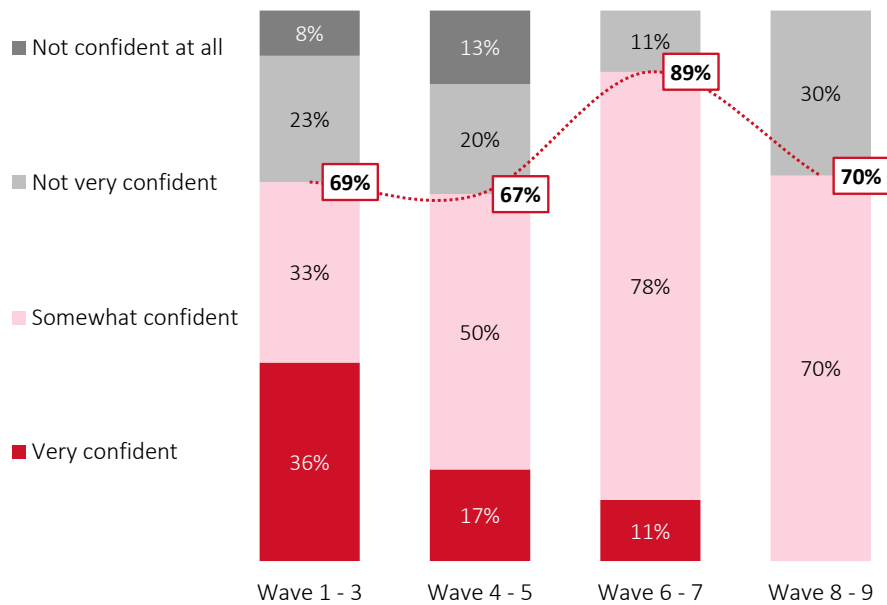
# CONFIDENCE IN BUSINESS SURVIVAL

At the end of 2020, the decline in confidence regarding business survival is explained through the increasing negative impact faced by businesses in PNG. The proportion of businesses showing total confidence dropped from 89% in September to October (Wave 6-7), to 70% in November to December (Wave 8-9) and none are very confident.

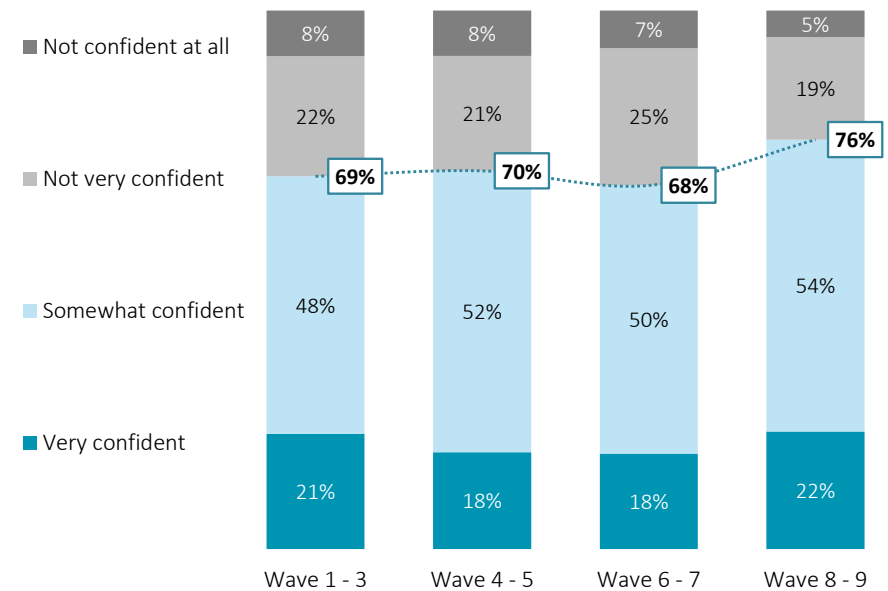
Q

HOW CONFIDENT ARE YOU THAT YOUR BUSINESS WILL SURVIVE THE COVID-19 CRISIS?

## PAPUA NEW GUINEA



## TOTAL PACIFIC ISLANDS



..... % TOTAL SATISFIED WITH GOVERNMENT RESPONSE



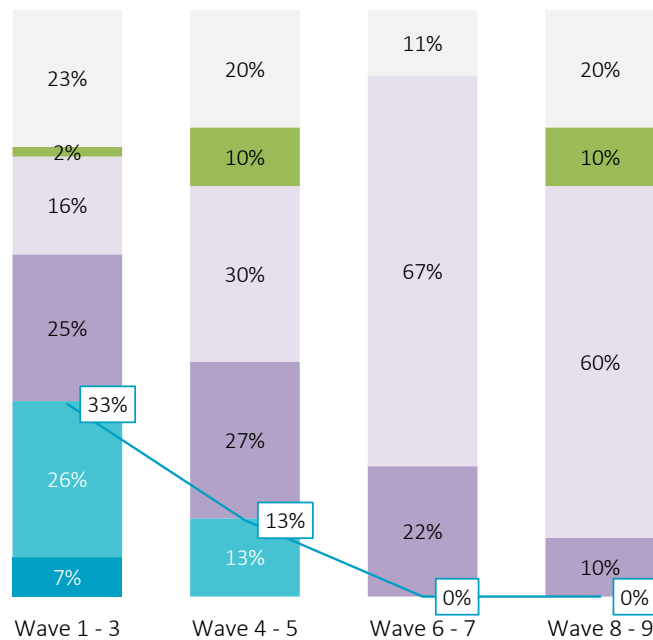
# TIMEFRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

Although business confidence is lower, the timeframe of revenue returning to pre-COVID-19 levels is expected to be earlier in PNG, with 70% expecting to return by the end of 2021 compared to 39% on average for the Pacific Islands.

Q

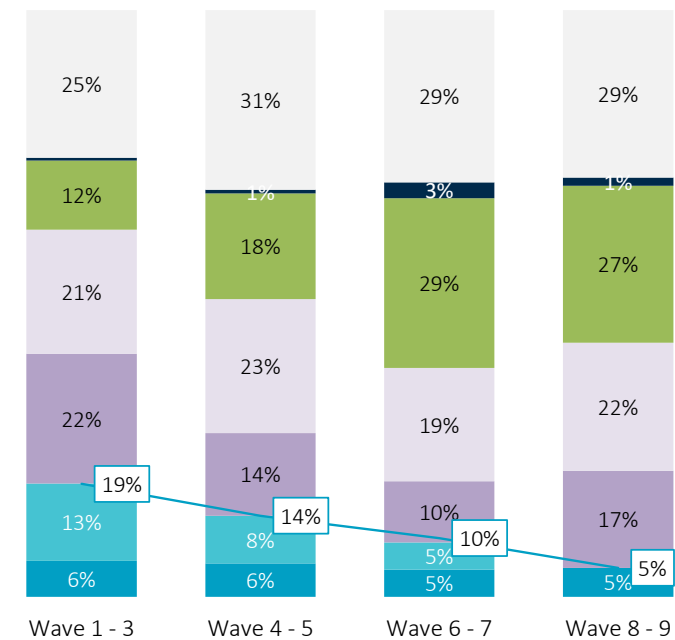
WHEN DO YOU BELIEVE YOUR BUSINESS SALES/REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?

## PAPUA NEW GUINEA



## TOTAL PACIFIC ISLANDS

- Don't know/ too hard to predict
- Never
- By 2022 or later
- By 2nd half of 2021 (July – December)
- By 1st half of 2021 (January – June)
- By end of 2020
- Revenue is at pre-COVID-19 levels



TOTAL RETURNED TO PRE-COVID LEVELS BY END OF 2020

# TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

There was an increasing need for financial support and diversification, to access new markets, and the implementation of online-commerce capabilities among PNG businesses by the end of 2020.

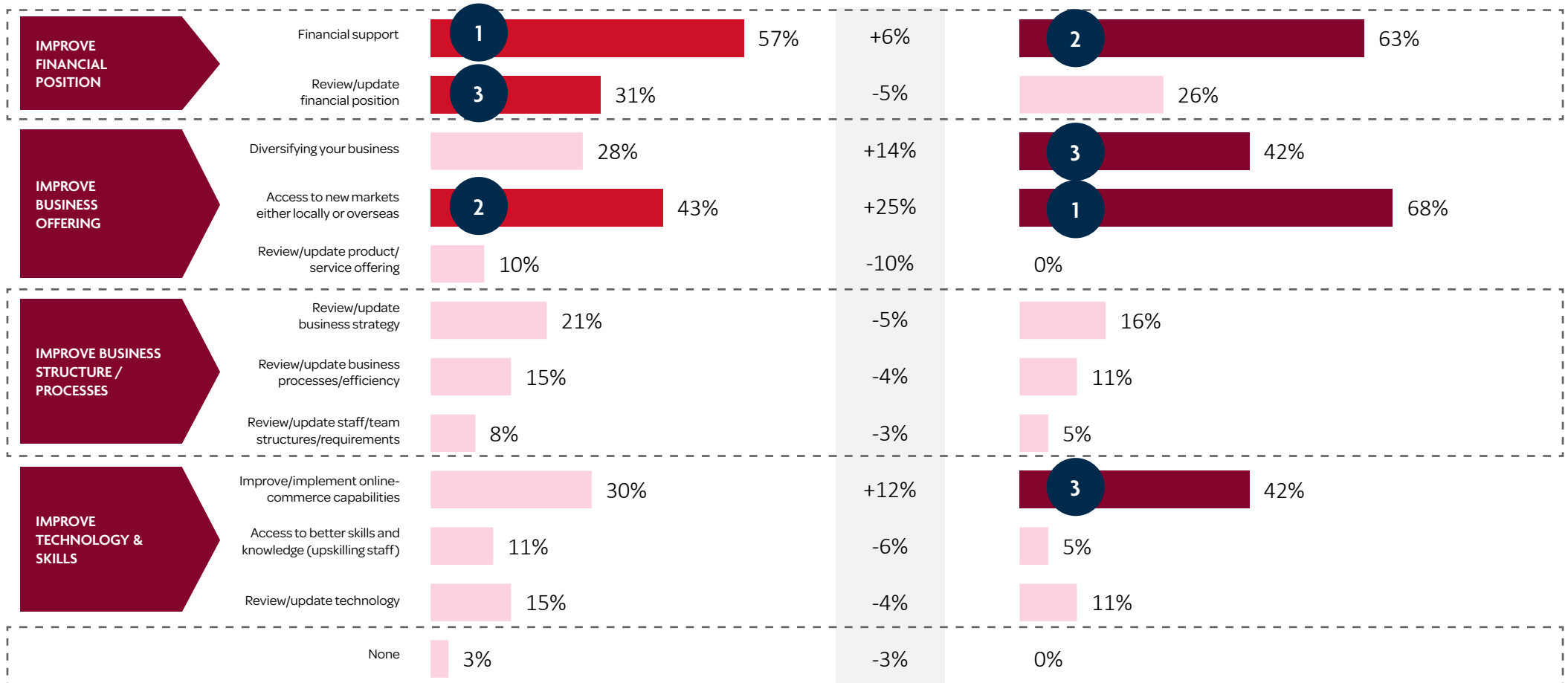
Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?

## PAPUA NEW GUINEA: WAVE 1-3

Wave 6-9 difference to Wave 1-3

## PAPUA NEW GUINEA: WAVE 6-9



# TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

At the end of 2020, 68% of businesses in PNG were looking to access new markets and 42% were looking to diversify. These are much higher levels than the rest of the Pacific Islands.

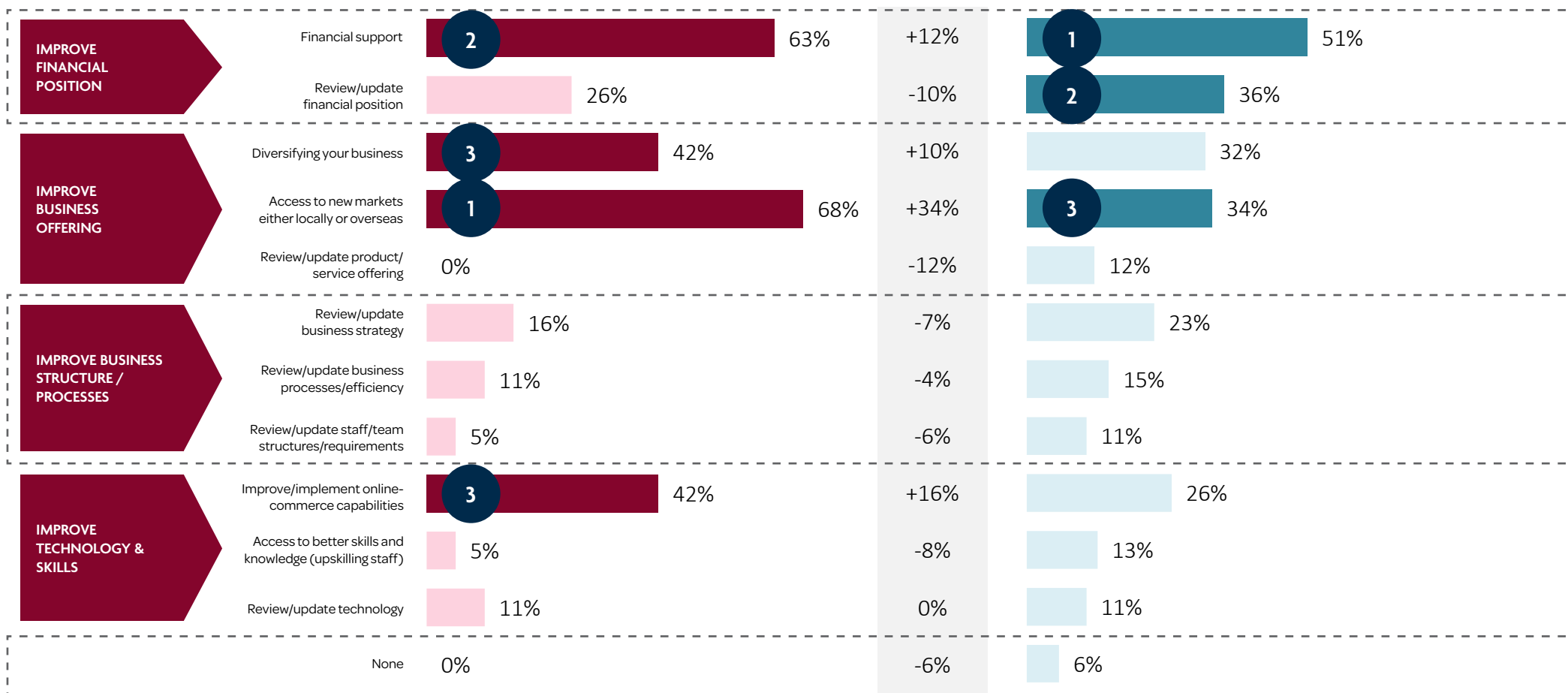
Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?

## PAPUA NEW GUINEA: WAVE 6-9

Wave 6-9 gap to Total Pacific Islands

## TOTAL PACIFIC ISLANDS: WAVE 6-9



# BARRIERS TO ACTIONING INITIATIVES

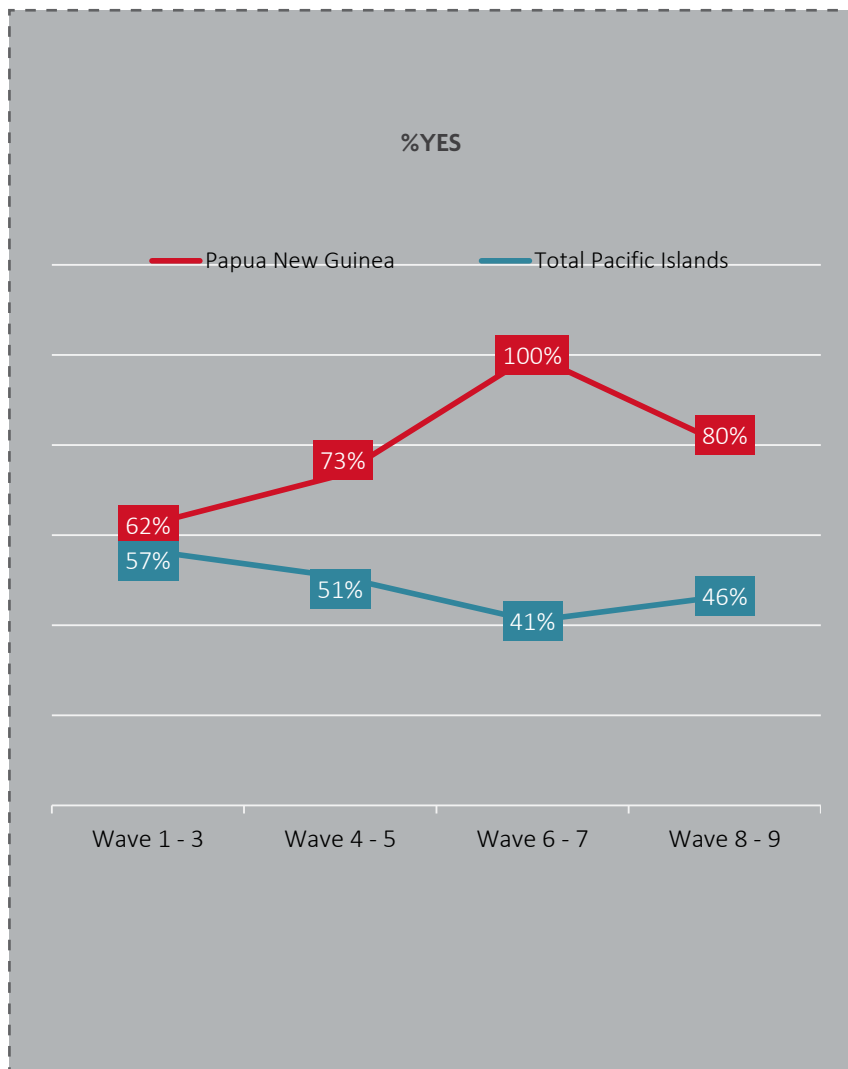
Over 2020, the proportion of businesses in PNG facing barriers has been greater than the Pacific Islands overall, with 80% facing barriers at the end of 2020.

Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?



## LACK OF FINANCE (36%)

"We need funds for our overhead costs, operational, rentals, along with finance to refinance our current loans and do other business until Tourism will pick up."

- SME, Tourism, PNG

"The access to funds or credit to access new markets has set us back. Banks are very restrictive and have not lent any money and access to market can only happen if we have access to funds."

- SME, Agriculture, Forestry & Fishing, PNG

## CLOSED BORDERS/LOCKDOWN (26%)

"Lockdown and State of Emergency limiting a lot of movement and increase in daily cost of living."

- SME, Tourism, PNG

"Tourism is non-existent, until borders open we are closed. We are getting no support in Papua New Guinea at all. Especially from the Tourism Promotion Authority who could be helping us action any initiatives we may have."

- SME, Tourism, PNG

## LACK OF GOVERNMENT SUPPORT (34%)

"Lack of Government support to small business, significant decrease in cashflow and high interest loans during the Covid19 period with no tax holidays. Government only talks about stimulus package but there's no real action."

- SME, Professional, Scientific & Technical Services, PNG

"Our Government has not provided relief in terms of promised stimulus package and the promised tax reliefs. Banks are reluctant to refinance or provide credit now."

- SME, Agriculture, Forestry & Fishing, PNG

## LACK OF ASSISTANCE FROM BANKS (16%)

"Banks are very cautious with lending and the Government has not really invested in the stimulus package. It is all hot air at the moment."

- SME, Agriculture, Forestry & Fishing, PNG

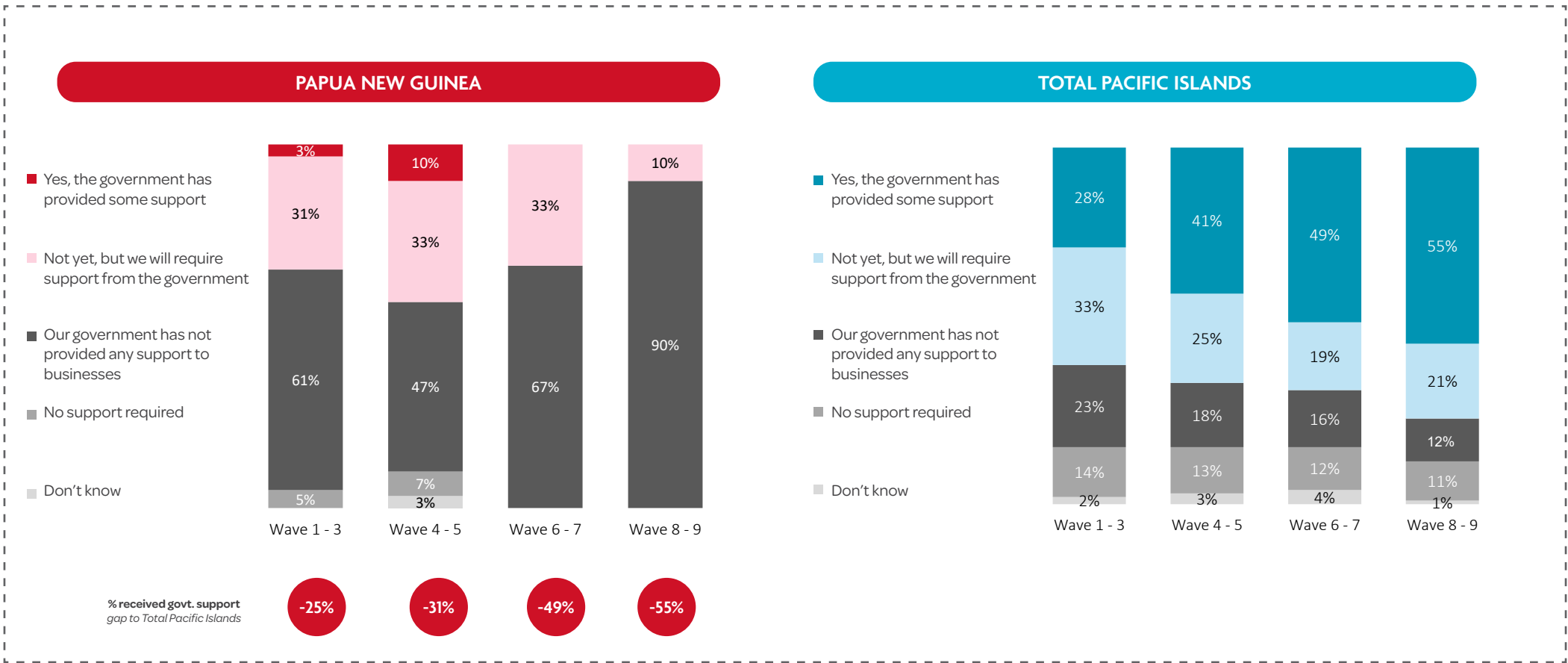
"Banks are very cautious and are unable to make long term commitments. Promised funding from Government has not materialized."

- SME, Agriculture, Forestry & Fishing, PNG

# ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

The proportion of businesses receiving government support in PNG is much lower than the rest of the Pacific Islands, with 90% reporting their government has provided no government support in PNG by the end of 2020 compared to 12% of businesses in the Pacific Islands overall.

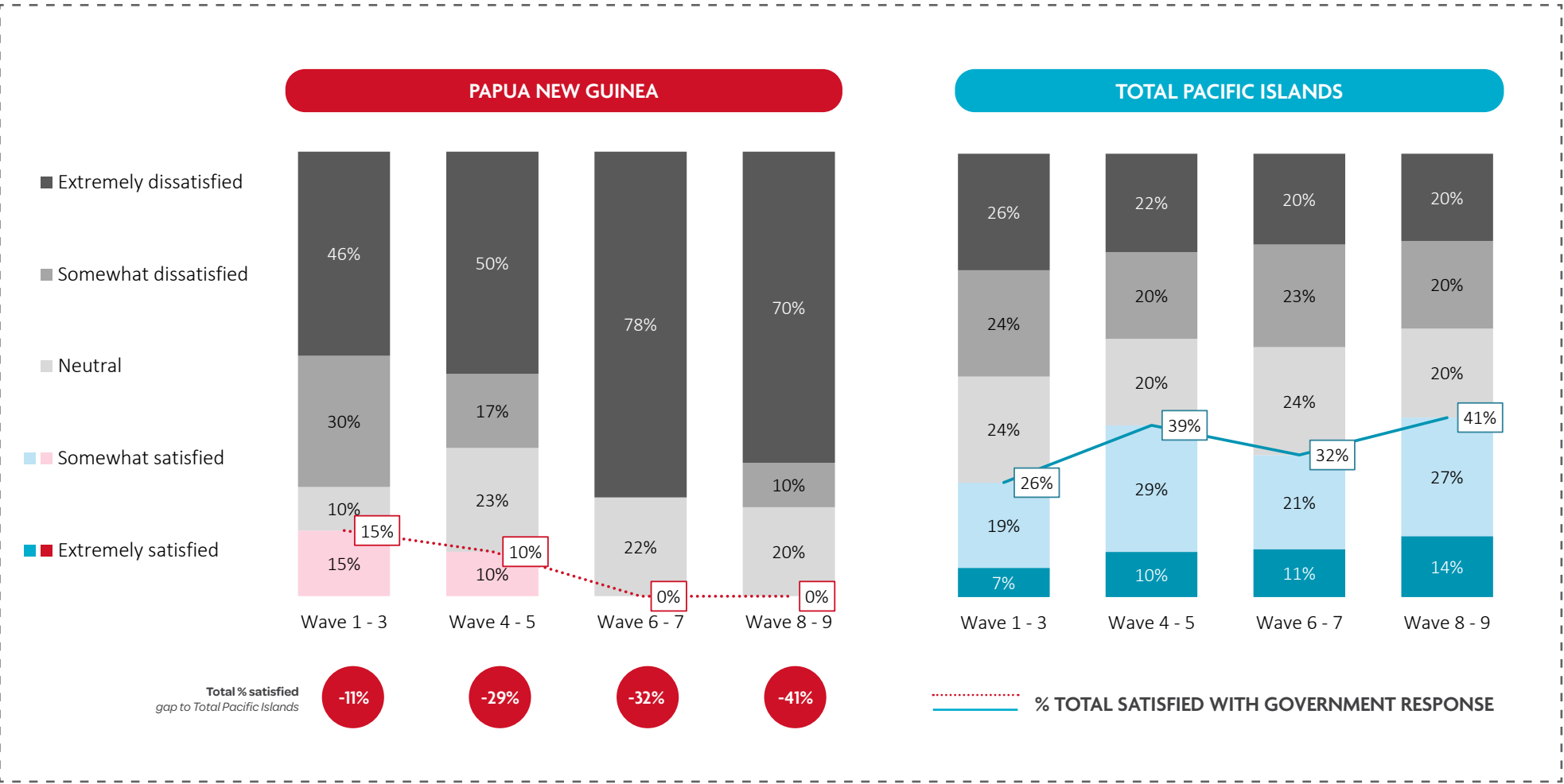
## Q HAS YOUR BUSINESS ACCESSED ANY SUPPORT FROM YOUR GOVERNMENT TO HELP YOU THROUGH THE COVID-19 CRISIS?



# SATISFACTION WITH GOVERNMENT SUPPORT

In line with receiving little to no support from their government, most businesses in PNG are dissatisfied with how their government has supported them.

**Q** HOW SATISFIED ARE YOU WITH THE WAY YOUR GOVERNMENT HAS SUPPORTED YOUR BUSINESS THROUGH THE COVID-19 CRISIS?



# RESEARCH METHODOLOGY



## WHO DID WE SPEAK WITH?

MORE THAN

**110**

COMPLETED SURVEYS PER WAVE

All respondents are key influencers or decision makers in their business. All businesses are based in the Pacific Islands.

**N=110**

TOTAL COMPLETED SURVEYS FROM PAPUA NEW GUINEA



## HOW DID WE SPEAK WITH THEM?

**8**

MINUTE

QUANTITATIVE ONLINE SURVEYS



## WHEN DID WE SPEAK WITH THEM?

**9**

WAVES

IN 2020

Online responses were collected over nine waves between 18 May–13 December 2020.

## 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, Europe and New Zealand, the PTI Network develops and promotes trade and investment across international markets.

## ACKNOWLEDGEMENTS

The PTI Network would like to thank all the Pacific businesses that took part in the Pacific Business Monitor Surveys, and on-the-ground partners for their ongoing support and who shared the surveys through their networks.

## DISCLAIMER

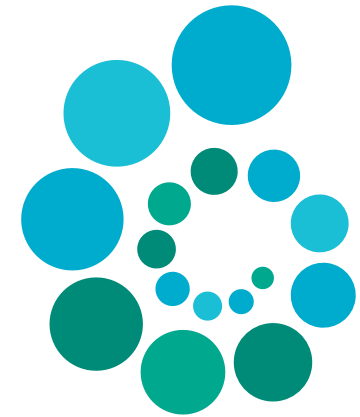
The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 18 May–13 December 2020.

## FOR FURTHER INFORMATION

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