

INTRODUCTION

The COVID-19 outbreak has caused a global health emergency and a global 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 fifth wave of PTI's *Pacific Business Monitor* surveys includes responses gathered from 31 July–16 August 2020 from 199 businesses across the Pacific Islands.

This report includes data from the top four 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

- There has been a decrease in business confidence since our Wave 3 survey, with only 69% of respondents now confident their businesses will survive COVID-19.
- Fewer businesses are confident they will return to business-as-usual revenue this year (11%, a decrease from 18% in July). There is still increasing uncertainty in the market, with over a third of businesses responding that they are unsure when revenue will return to pre-COVID-19 levels.
- COVID-19 continues to have a negative impact on businesses in the Pacific as borders remain closed. The level of impact is similar to the last three surveys, with just under two-thirds of businesses reporting a very negative impact. The proportion of businesses reporting a decline in revenue due to COVID-19 has increased to 91%.
- 36% of businesses have reported being partly operational, an increase from the July survey (30%) indicating that more businesses have reopened.

CHALLENGES & SUPPORT NEEDED

- The top three challenges as a result of COVID-19 remain unchanged:
 - » Impact of closed international borders (93%).
 - » Not knowing how long the crisis will last (92%).
 - » Poor cashflow (88%).
- The top two initiatives businesses require assistance with are financial support (45%, a decrease from 57% in Survey 4) and reviewing/ updating financial position (39%).

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on business has increased with 66% of business-owners/decision-makers reporting an impact on their mental health, an increase from 55% in Survey 4.
- The number of people reporting they felt optimistic and happy in the last two weeks has decreased since Survey 4.
- The proportion of businesses reporting that COVID-19 is having a negative impact on community wellbeing has increased by 6% since the Survey 4 to 86%.

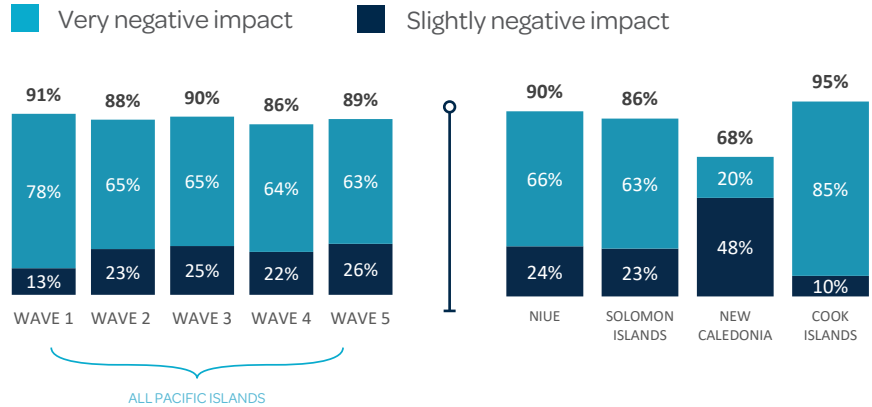
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

89%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on businesses as borders remain closed. The level of impact COVID-19 is having on businesses is consistent with the last three surveys, with just under two-thirds reporting a very negative impact.

REPORTED NEGATIVE IMPACT ON BUSINESS*

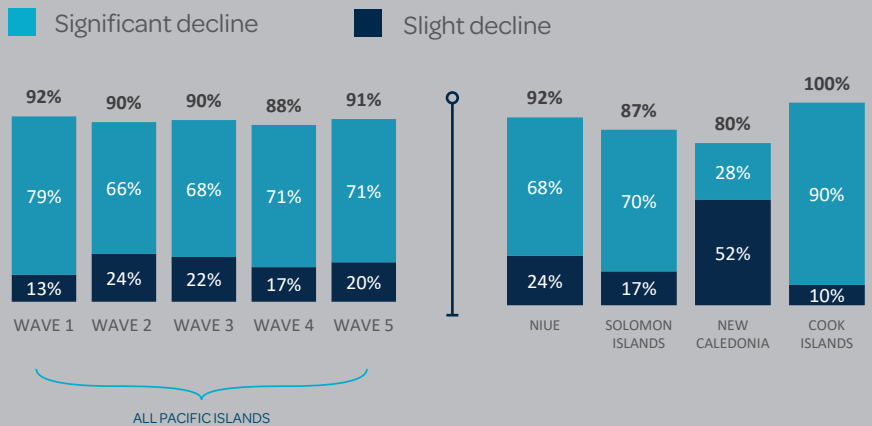


91%

REPORTED A DECLINE IN REVENUE

The proportion of businesses reporting a decline in revenue has increased to 91 per cent. In line with previous surveys, over two-thirds of businesses continue to report a significant decline in revenue due to COVID-19.

REPORTED A DECLINE IN REVENUE*

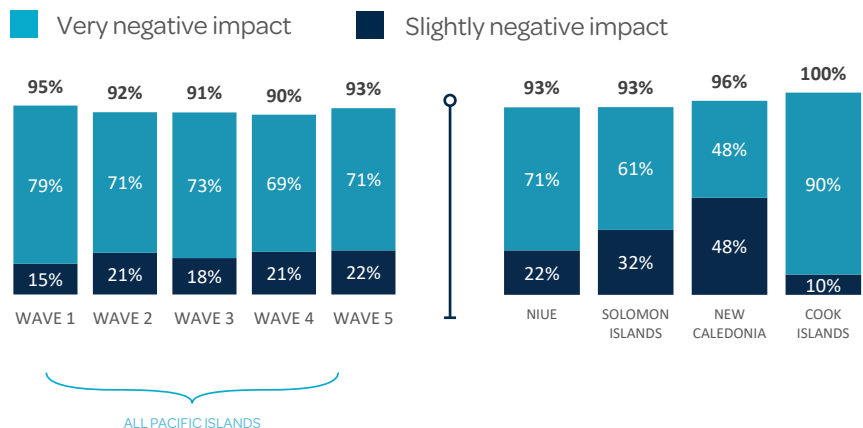


93%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

The negative impact on businesses is reflected in the perception of the local economy, with 93 per cent reporting a negative impact on the local economy.

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



*Percentages rounded to nearest whole number

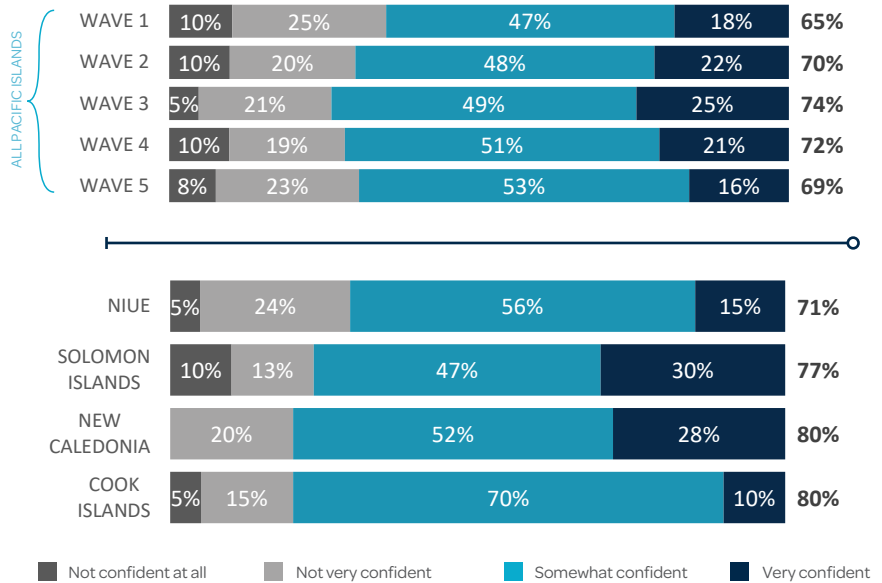


69%

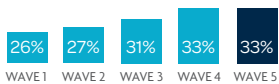
ARE CONFIDENT THAT THEIR BUSINESS WILL SURVIVE THE COVID-19 CRISIS

69% of business owners are confident that their business will survive the COVID-19 crisis (down from 72 per cent last wave).

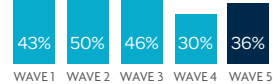
CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19



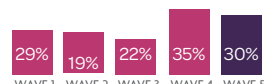
FULLY OPERATIONAL



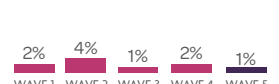
PARTLY OPERATIONAL



TEMPORARILY CLOSED

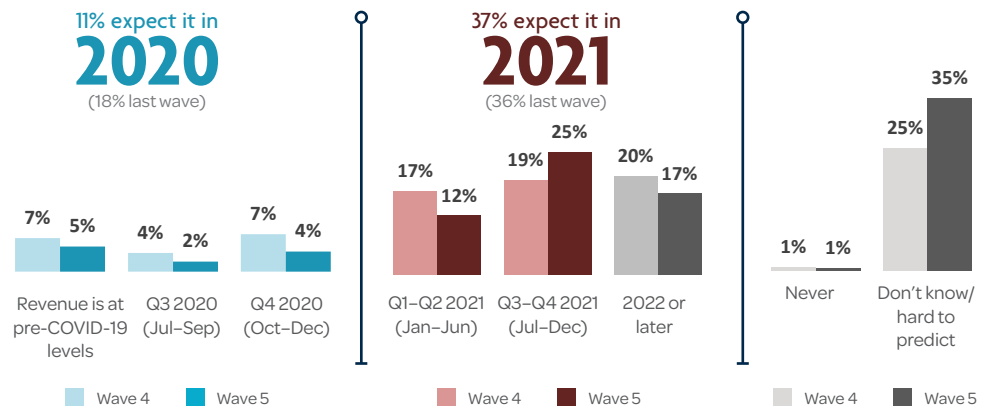


PERMANENTLY CLOSED

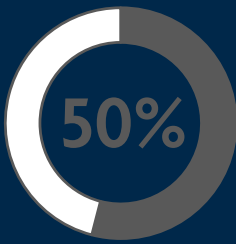
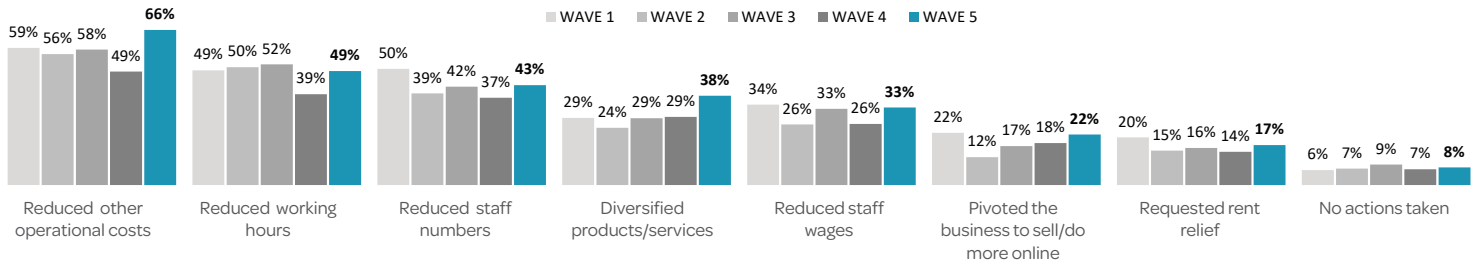


Confidence in business survival has dropped and businesses are less likely to expect a return to pre-COVID revenue this year. There is real uncertainty in the market with 35 per cent of respondents (up from 25 per cent last survey) not sure when their revenue will return.

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



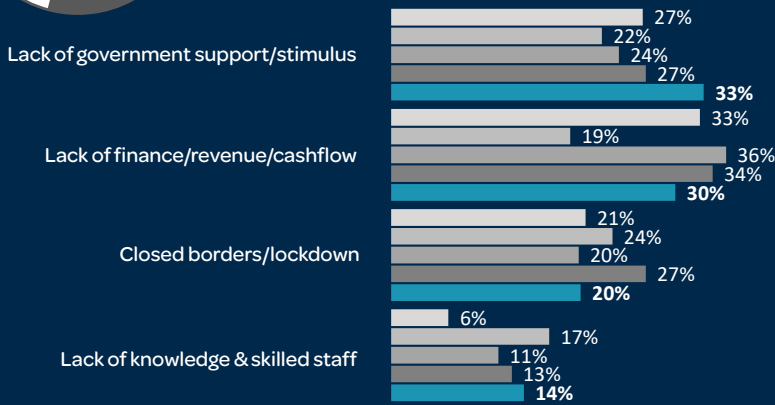
ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



- WAVE 1
- WAVE 2
- WAVE 3
- WAVE 4
- WAVE 5

BARRIERS TO ACTIONING INITIATIVES

50% reported barriers preventing them from actioning initiatives to support their business (down from 52% last wave).



"Banks are very cautious and are unable to make long-term commitments. And promised funding from government has not materialised."

– SME, Agriculture, Forestry & Fishing, PNG

"More support needed from banks and incentives from government."

– SME, Information, Media & Telecommunications, Tuvalu

TOP 4 CHALLENGES

93%

IMPACT OF CLOSED INTERNATIONAL BORDERS

90% last wave

92%

NOT KNOWING HOW LONG THE CRISIS WILL LAST

93% last wave

88%

POOR CASHFLOW

89% last wave

78%

IMPACT OF LOCKDOWN IN YOUR COUNTRY

81% last wave

TOP 4 INITIATIVES NEEDED TO ACTION NOW

45%

NEED FINANCIAL SUPPORT

57% last wave

34%

DIVERSIFY BUSINESS

33% last wave

39%

REVIEW/UPDATE FINANCIAL POSITION

31% last wave

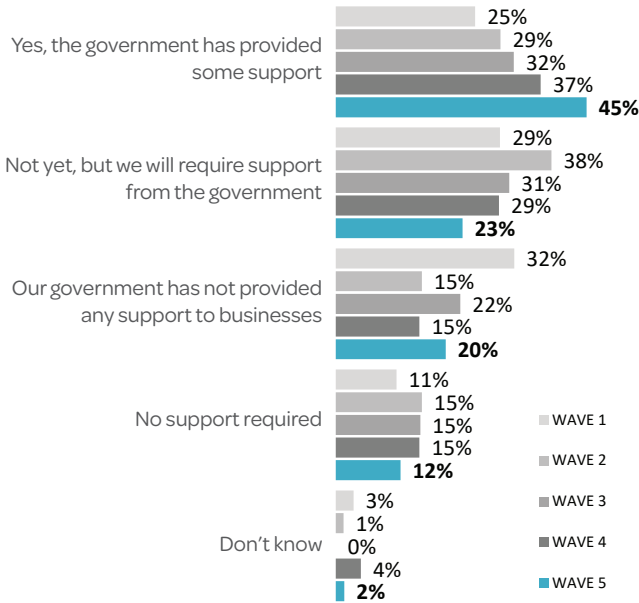
33%

ACCESS TO NEW MARKETS

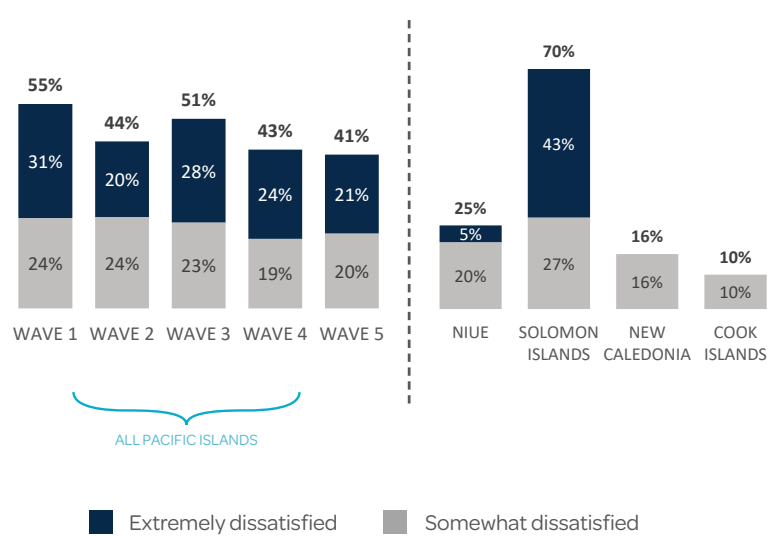
28% last wave

GOVERNMENT SUPPORT

HAS YOUR BUSINESS ACCESSED ANY SUPPORT?

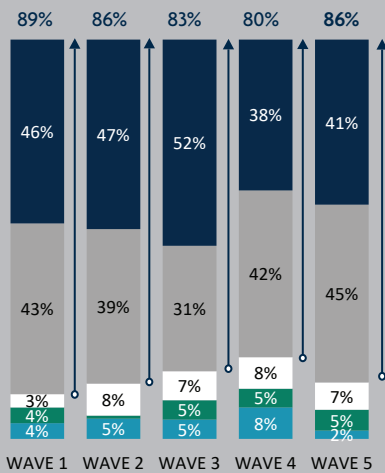


SATISFACTION WITH GOVERNMENT RESPONSE



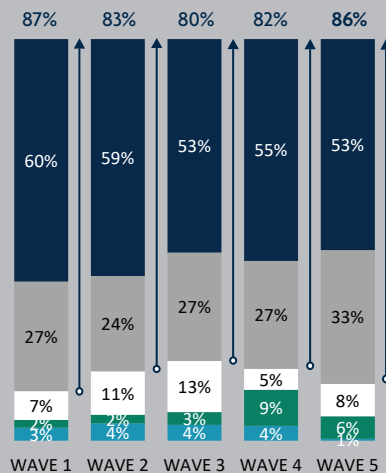
PERSONAL WELLBEING

WELLBEING OF THE COMMUNITY



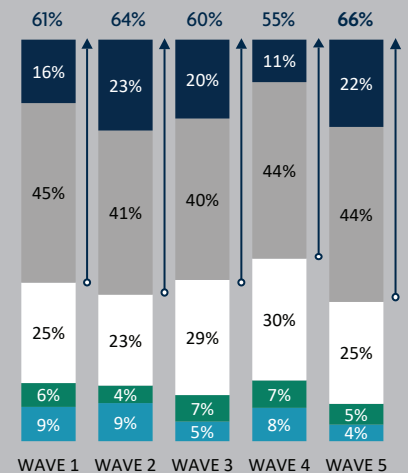
The proportion of those reporting the pandemic as having a negative impact on community wellbeing has increased by 6 per cent since last survey to 86 per cent.

PERSONAL FINANCIAL SITUATION



COVID-19 continues to have a significant impact on business decision-makers' personal financial situations, with 86 per cent reporting a negative impact. Those reporting the pandemic as having a positive impact has declined to 7 per cent.

MENTAL HEALTH



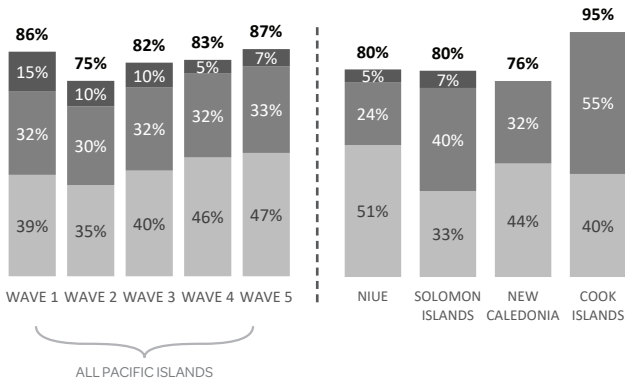
The negative toll on mental health has increased, with 66 per cent now reporting a negative impact on their mental health. Those reporting a very negative impact has doubled to 1 in 5 (from 1 in 10 Wave 4).

PERSONAL WELLBEING CONT...



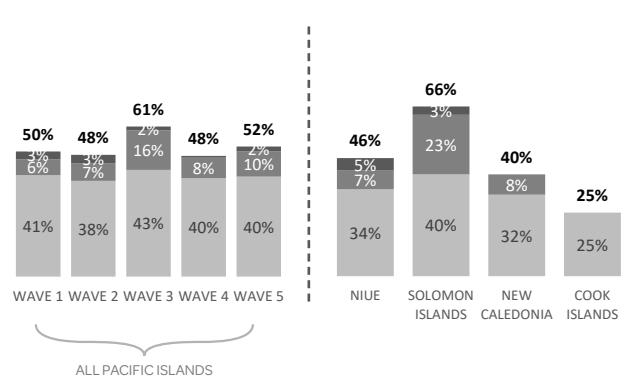
FELT WORRIED OVER THE LAST 2 WEEKS*

Always Most of the time Sometimes



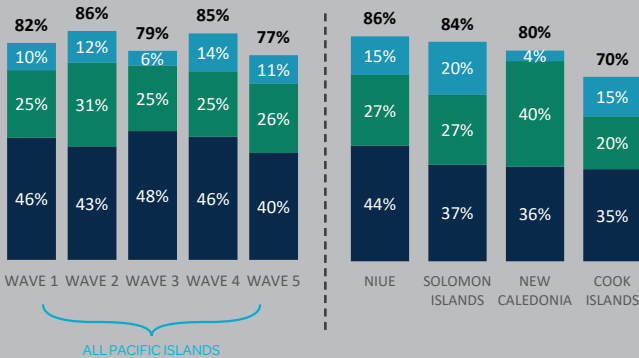
FELT ANGRY OVER THE LAST 2 WEEKS*

Always Most of the time Sometimes



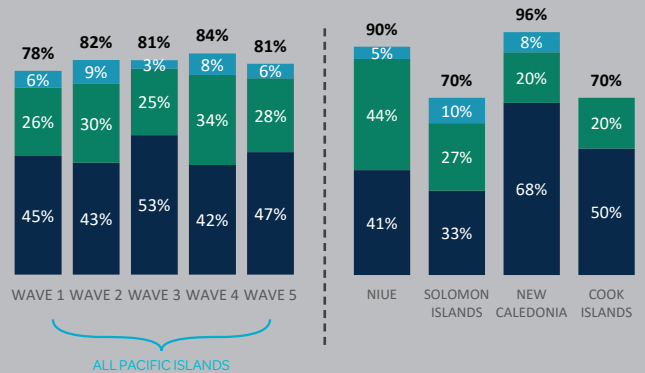
FELT OPTIMISTIC OVER THE LAST 2 WEEKS*

Always Most of the time Sometimes



FELT HAPPY OVER THE LAST 2 WEEKS*

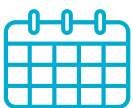
Always Most of the time Sometimes



* Percentages rounded to nearest whole number

METHODOLOGY

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



Responses were collected 31 July–16 August 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 199 respondents from across the Pacific region

FOR FURTHER INFORMATION



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