

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 and in the Pacific. Travel bans and restrictions on gatherings have particularly impacted businesses in the Pacific with tourism playing a major role in local economies.

Pacific Trade Invest (PTI) has commissioned Fifth Quadrant, an independent research agency to run a fortnightly survey to understand the ongoing effects of COVID-19 on the Pacific's private sector. The first wave of the 'PTI's Pacific Business Monitor' includes responses gathered from 18-24 May 2020 from 157 businesses across 16 Pacific Islands.

This report includes data from the top four Pacific Countries we received responses from (Fiji, PNG, Tonga and Vanuatu), providing insights 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 fortnightly PTI Pacific Business Monitor the objective is to provide governments, donors and stakeholders with needed data on how businesses in Pacific are doing.

ABOUT PACIFIC TRADE INVEST

The PTI Global 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, Japan (PIC) and New Zealand the PTI Global network develops and promotes trade and investment across international markets.

IMPACTS ON BUSINESSES IN THE PACIFIC

- 91% of businesses have been negatively impacted by COVID-19 with 79% reporting a significant decline in sales/revenue (92% reported some decline in sales/revenue). Fiji has been particularly hard hit by the crisis (93% reported significant decline in sales/revenue).
- 95% believe the crisis will have a negative impact on the local economy.
- Two thirds are confident that their business will survive COVID-19 but 48% don't expect revenue to return to pre-COVID levels until 2021 or later.

CHALLENGES & SUPPORT NEEDED

- Top 3 challenges as a result of COVID-19:
 - » Not knowing how long the crisis will last (94%).
 - » Impact of closed international borders (93%).
 - » Poor cash flow (92%).
- 62% need financial support to assist their business moving forward. One third of businesses noted lack of access to revenue/finance as a major barrier towards actioning initiatives.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- 59% reported the crisis has/will have a negative impact on their mental health.
- Over the past 2 weeks just under half of business decision makers have been worried most of the time, if not always.
- 86% of decision-makers believe the COVID-19 crisis will impact their personal situation negatively (59% will experience very negative impact).

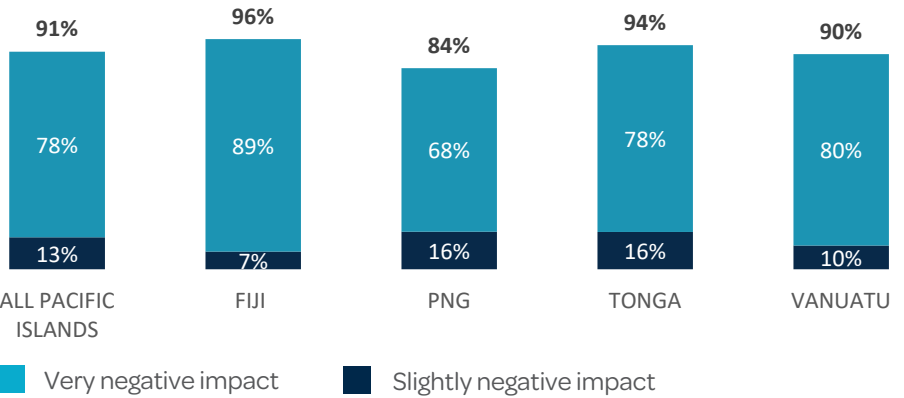
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

91%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

Over 3/4 of businesses reported COVID-19 had a very negative impact on their business. This is highest in Fiji at 89%.

TOTAL % REPORTED NEGATIVE IMPACT ON BUSINESS*

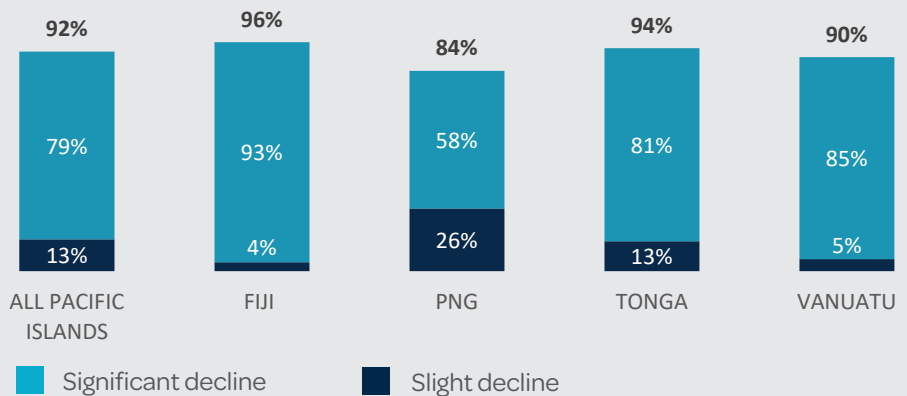


92%

REPORTED A DECLINE IN REVENUE

In line with negative impact on the business, more than 3 in 4 businesses reported a significant decline in revenue due to COVID-19, with Fiji the most affected, followed by Tonga and Vanuatu.

TOTAL % REPORTED A DECLINE IN REVENUE*

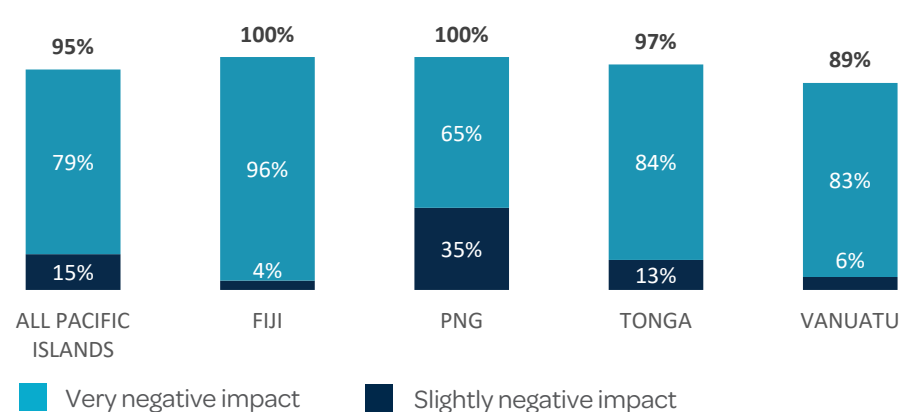


95%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

The negative impact on business, including the significant decline in revenue, has translated into an overall gloomy perception of the local economy.

TOTAL % BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



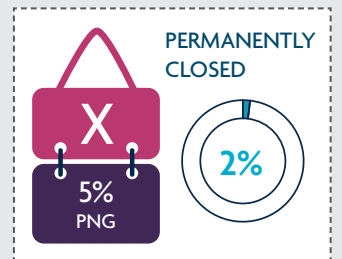
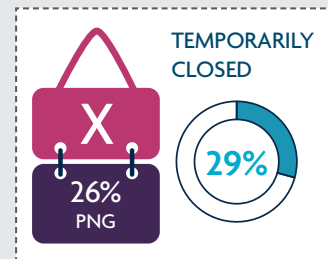
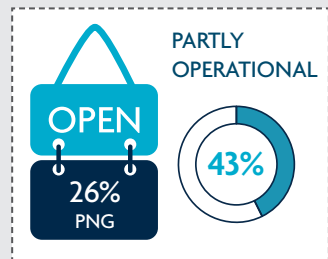
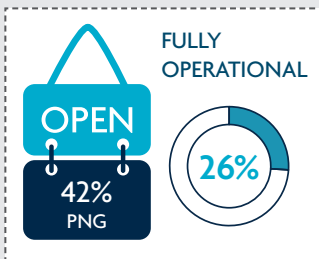
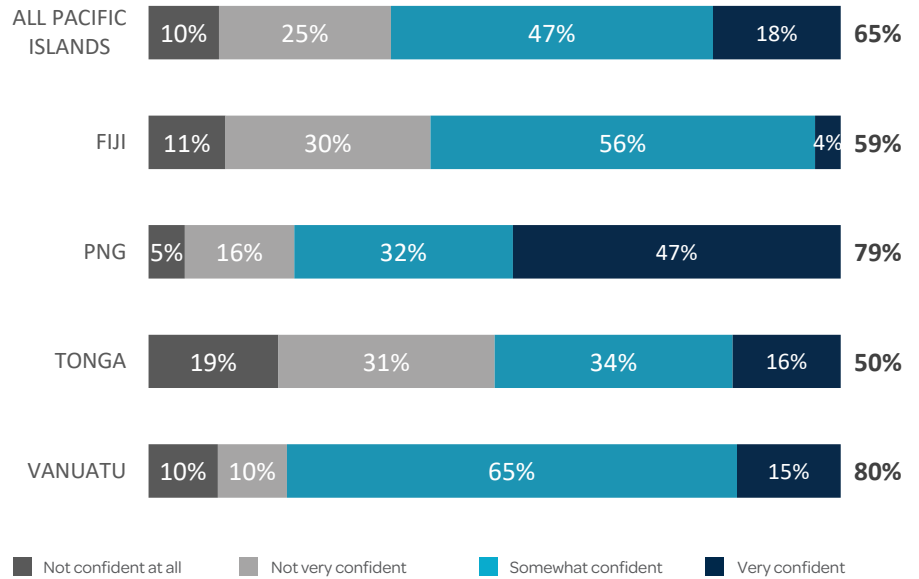
*Percentages rounded to nearest whole number



65% ARE CONFIDENT THAT THEIR BUSINESS WILL SURVIVE THE COVID-19 CRISIS

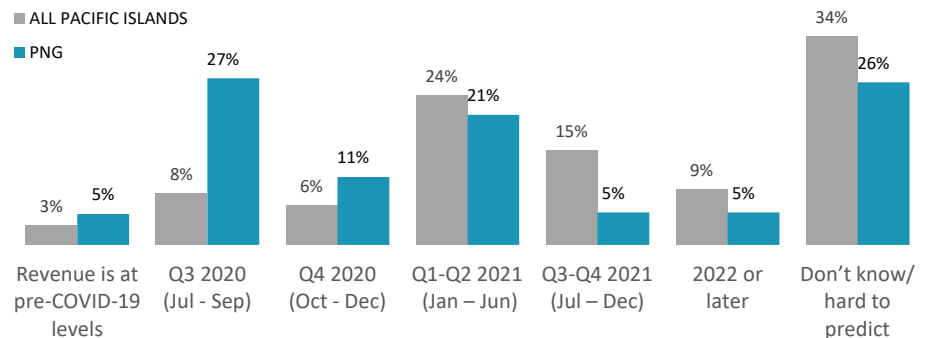
Over 3/4 of businesses reported COVID-19 has had a very negative impact on their business. This is highest in Fiji at 89%.

CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

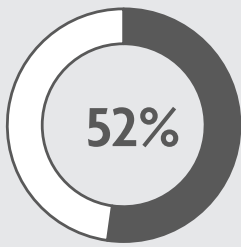
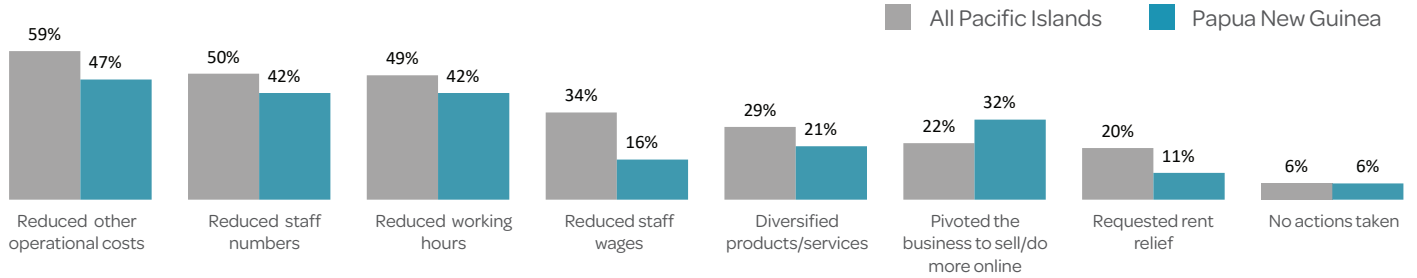


Despite the relatively positive business outlook, the timing of the return to business as usual is uncertain, and most do not believe it will happen this year.

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

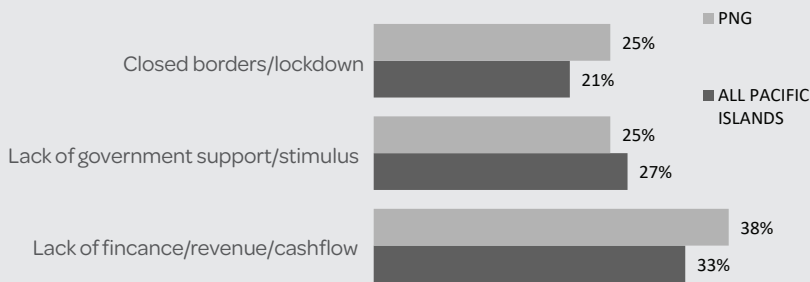


ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



BARRIERS TO ACTIONING INITIATIVES

52% (42% Papua New Guinea) reported that there are barriers preventing them from actioning initiatives to support their business



"Lack of airline service. Capital to bring in packaging stock to meet international market demand Legal documents cannot be sent - scanned documents are not accepted."

- SME, Manufacturing, Vanuatu

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

SME, Tourism, PNG

TOP 3 CHALLENGES

94%

95% PNG

NOT KNOWING HOW LONG THE CRISIS WILL LAST

93%

84% PNG

IMPACT OF CLOSED INTERNATIONAL BORDERS

92%

95% PNG

POOR CASH FLOW

TOP 3 INITIATIVES NEEDED TO ACTION NOW

62%

53% PNG

FINANCIAL SUPPORT

35%

32% PNG

ACCESS TO NEW MARKETS
LOCAL OR OVERSEAS

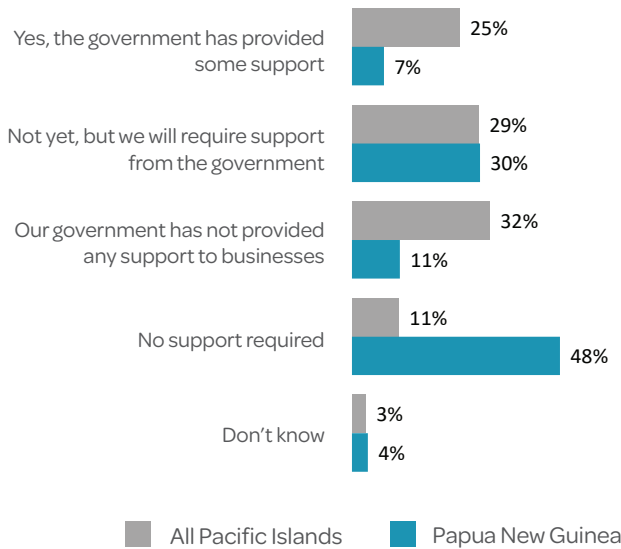
33%

21% PNG

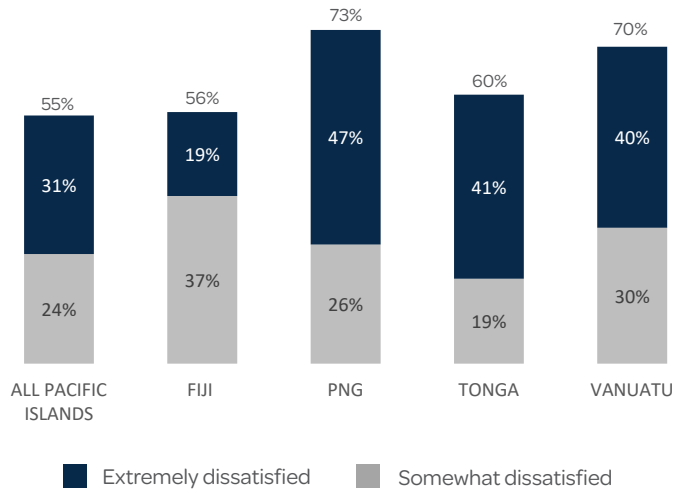
REVIEW/UPDATE FINANCIAL POSITION

GOVERNMENT SUPPORT

HAS YOUR BUSINESS ACCESSED ANY SUPPORT?



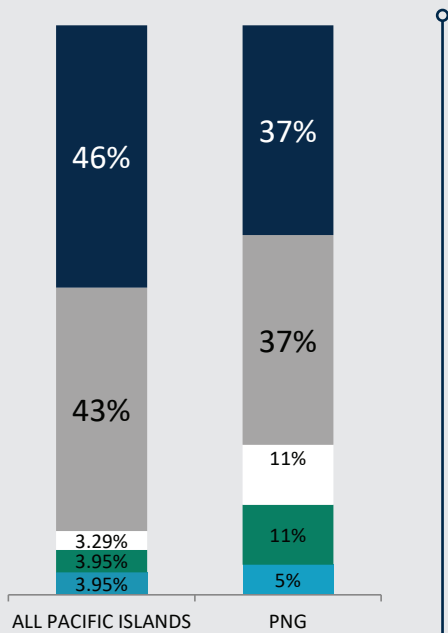
SATISFACTION WITH GOVERNMENT RESPONSE



PERSONAL WELL-BEING

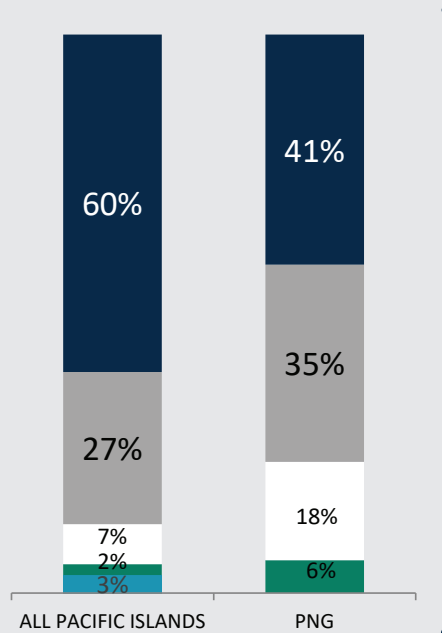
Very negative | Slightly negative | No impact | Slightly positive | Very positive

WELL-BEING OF THE COMMUNITY



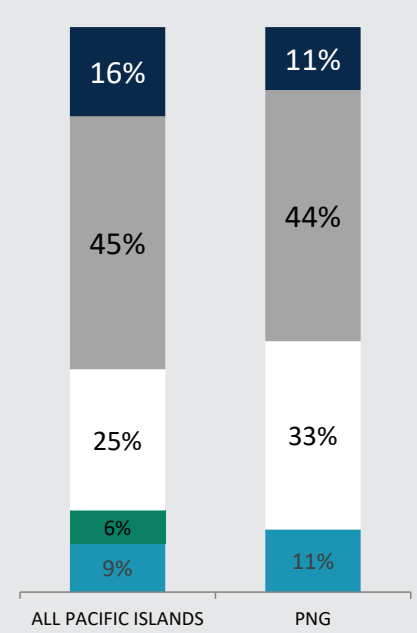
89% (74% PNG) reported that the COVID-19 pandemic have had a negative impact on their community.

PERSONAL FINANCIAL SITUATION



Worrying that the pandemic has had a significant impact on business decision makers with 87% (76% PNG) reporting negative impact.

MENTAL HEALTH

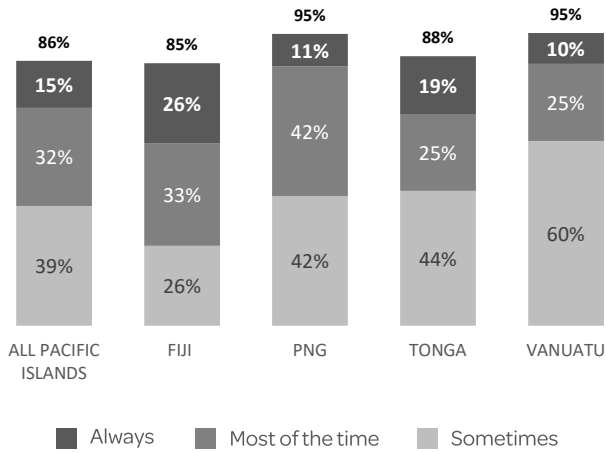


In such uncertain circumstances, it is important to recognise the mental health support business decision makers need, with 61% (55% PNG) reporting a negative impact on their mental health.

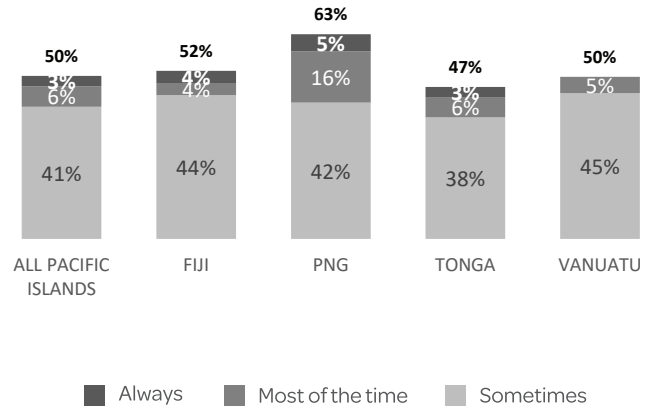
PERSONAL WELL-BEING CONT...



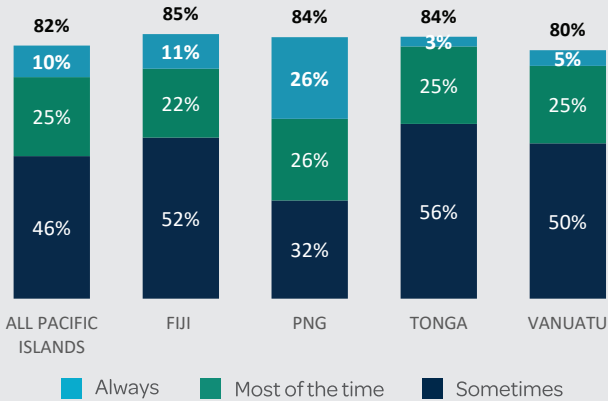
% FELT WORRIED OVER THE LAST 2 WEEKS



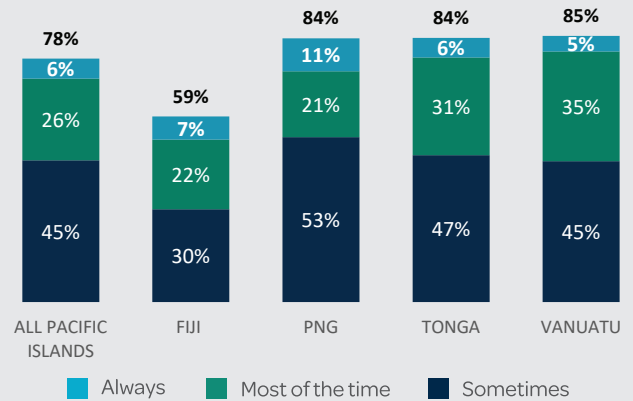
% FELT ANGRY OVER THE LAST 2 WEEKS



% FELT OPTIMISTIC OVER THE LAST 2 WEEKS

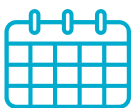


% FELT HAPPY OVER THE LAST 2 WEEKS



METHODOLOGY

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



Responses were collected 18–24 May 2020



5-minute questionnaire



All surveys completed online



All respondents decision makers/owners in small and medium businesses



A wide selection of industry sectors are represented



The information in this report is based on 157 respondents from the 16 Pacific Forum Countries

FOR FURTHER INFORMATION



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