

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. Travel bans and restrictions on gatherings have particularly affected 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 second wave of PTI's "Pacific Business Monitor" surveys includes responses gathered from 1-7 June 2020 from 143 businesses across the Pacific Islands.

This report includes data from the top three Pacific Countries that provided responses from (Fiji, PNG and Niue), 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 surveys, the objective is to provide governments, donors and stakeholders with valuable data on how businesses in the Pacific are doing.

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 level of impact COVID-19 is having on businesses is starting to decline, with fewer businesses (88%) in Survey 2 reporting a negative impact compared to 91% in Survey 1. Fiji remains the most heavily affected with nearly three-quarters reporting a very negative impact.
- The proportion of businesses reporting a significant decline in revenue due to COVID-19 has dropped to 66% (down from 79% in the last survey).
- 70% of business are confident they will survive COVID-19, but 50% 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 remain unchanged:
 - » Not knowing how long the crisis will last (90%).
 - » Impact of closed international borders (90%).
 - » Poor cash flow (85%).
- 40% of businesses need support to access new markets (local or overseas), an increase from 35% in Survey 1.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- Nearly two-thirds of business decision-makers are now reporting that COVID-19 is having a negative impact on their mental health, with nearly a quarter reporting a very negative impact.
- In line with Survey 1, 86% reported that COVID-19 has had a negative impact on the well-being of their community.

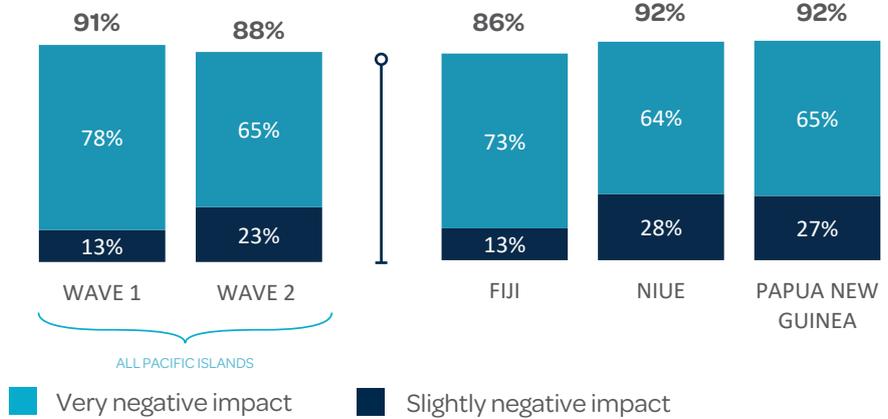
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

88%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

The level of impact COVID-19 is having on businesses is starting to decline, with fewer businesses reporting a very negative impact this wave. Fiji remains the most heavily affected with nearly three-quarters reporting a very negative impact.

TOTAL % REPORTED NEGATIVE IMPACT ON BUSINESS*

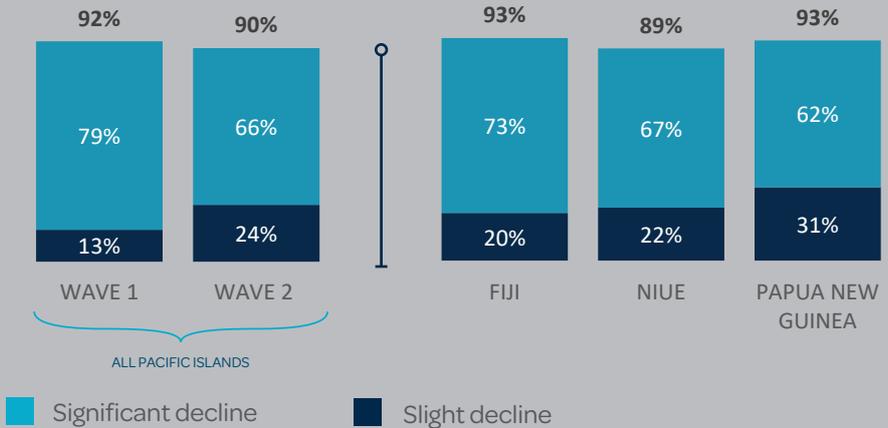


90%

REPORTED A DECLINE IN REVENUE

In line with the waning negative impact on business, the proportion of businesses reporting a decline in revenue due to COVID-19 has dropped to two-thirds (down from three-quarters last wave), with Fiji remaining the most impacted.

TOTAL % REPORTED A DECLINE IN REVENUE*

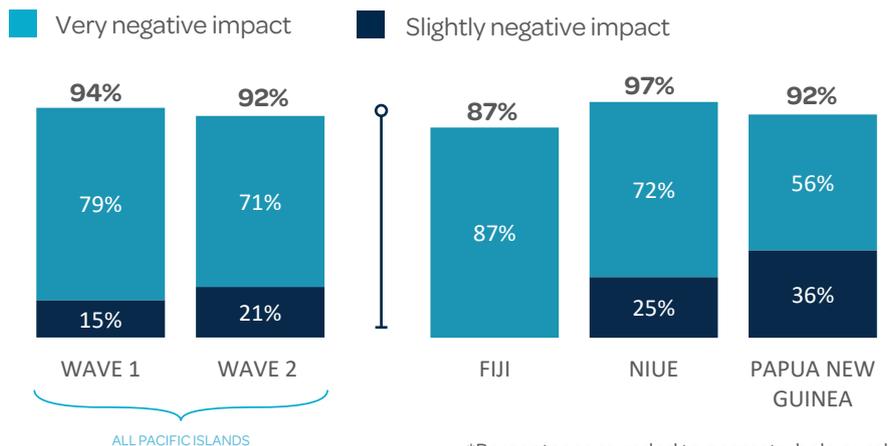


92%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

Improvements reported by businesses on revenue and impact has translated into a slight improvement in perception of the local economy.

TOTAL % BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



*Percentages rounded to nearest whole number

70%

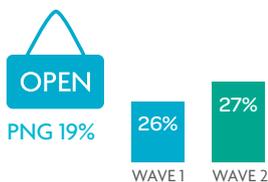
ARE CONFIDENT THAT THEIR BUSINESS WILL SURVIVE THE COVID-19 CRISIS

Over two-thirds of businesses are confident they will survive COVID-19 (an increase from 65% in Survey 1).

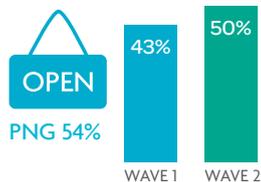
CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19



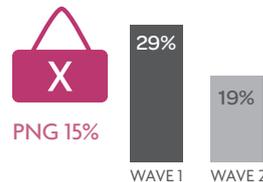
FULLY OPERATIONAL



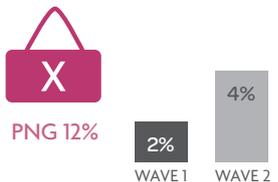
PARTLY OPERATIONAL



TEMPORARILY CLOSED

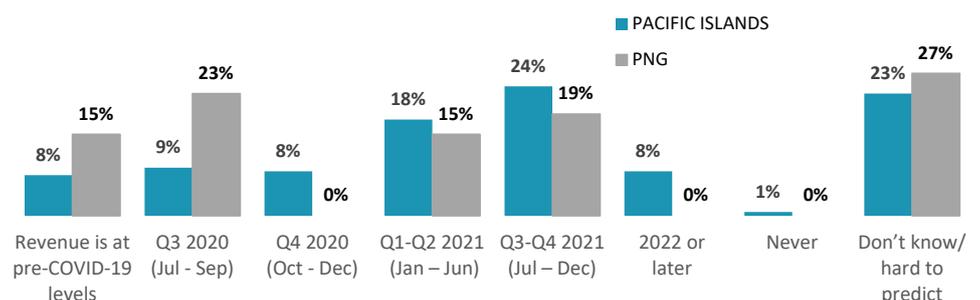


PERMANENTLY CLOSED

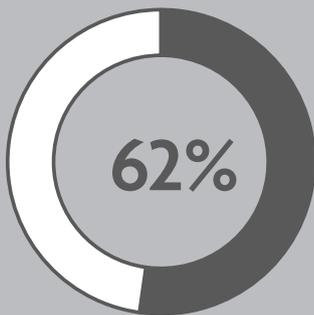
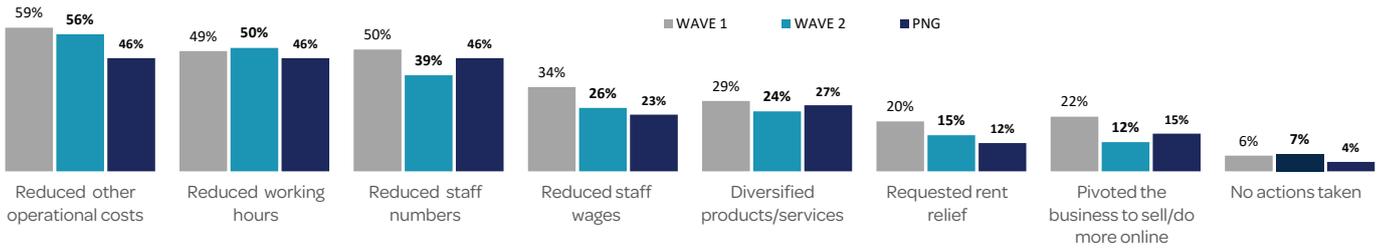


Positively, a quarter of businesses now expect to return to business as usual sometime in 2020, reflecting improved confidence and a more positive outlook. However, nearly a quarter remain uncertain.

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

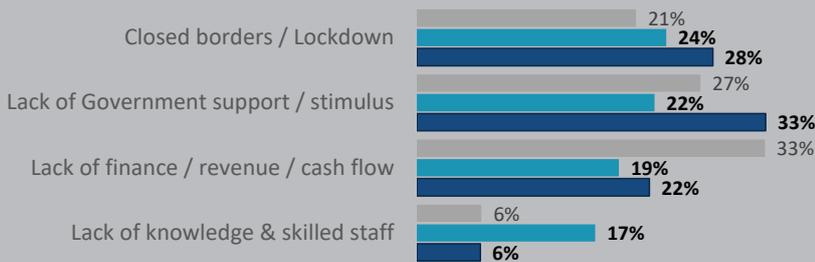


ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



BARRIERS TO ACTIONING INITIATIVES

62% (69% PNG) reported that there are barriers preventing them from actioning initiatives to support their business, up from 52% last wave



"Zero international travel currently, and previous source markets themselves undergoing financial stresses, which will inhibit ability to travel internationally when borders do re-open. Local market is very small."

- SME, Tourism, Fiji

"Lack of government support to small business, significant decrease in cashflow and high-interest loans during the COVID-19 period with no tax holidays. Government only talks about stimulus packages but there's no real impact on businesses."

-SME, Professional Services, PNG

TOP 3 CHALLENGES

90%

92% PNG

NOT KNOWING HOW LONG THE CRISIS WILL LAST

94% last wave

90%

85% PNG

IMPACT OF CLOSED INTERNATIONAL BORDERS

93% last wave

85%

96% PNG

POOR CASH FLOW

92% last wave

TOP 4 INITIATIVES NEEDED TO ACTION NOW

51%

69% PNG

FINANCIAL SUPPORT

62% last wave

40%

54% PNG

ACCESS TO NEW MARKETS - LOCAL OR OVERSEAS

35% last wave

30%

31% PNG

REVIEW/UPDATE FINANCIAL POSITION

33% last wave

30%

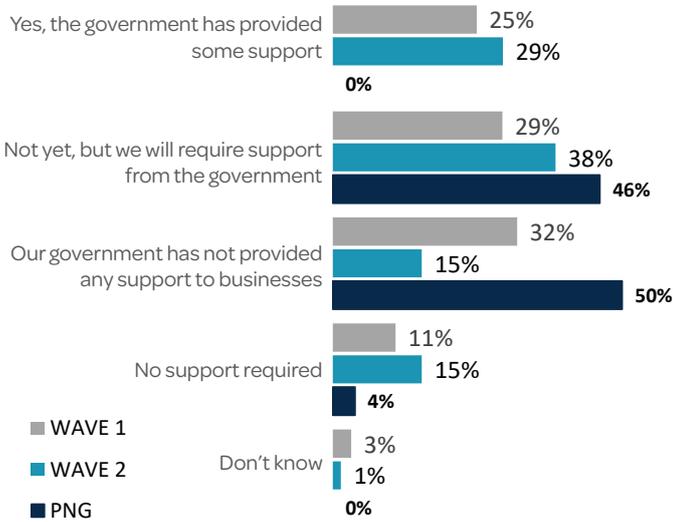
27% PNG

REVIEW/UPDATE BUSINESS STRATEGY

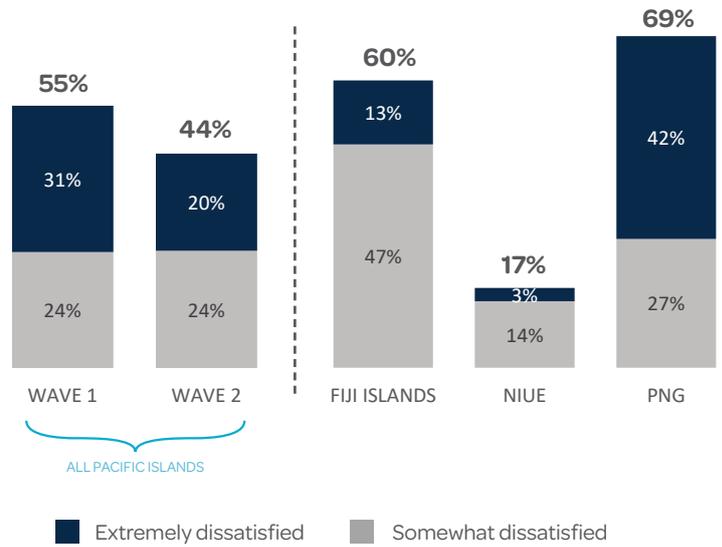
24% last wave

GOVERNMENT SUPPORT

HAS YOUR BUSINESS ACCESSED ANY SUPPORT?

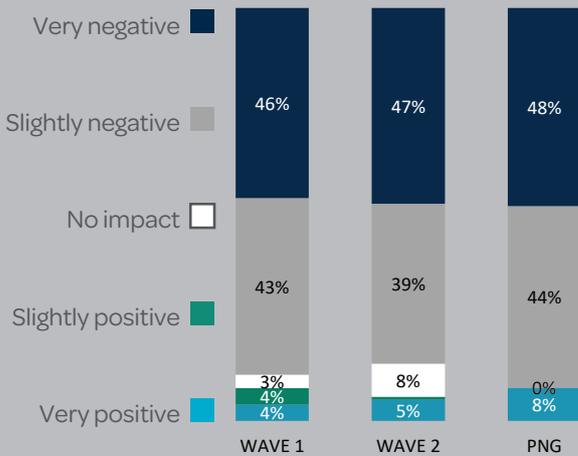


SATISFACTION WITH GOVERNMENT RESPONSE

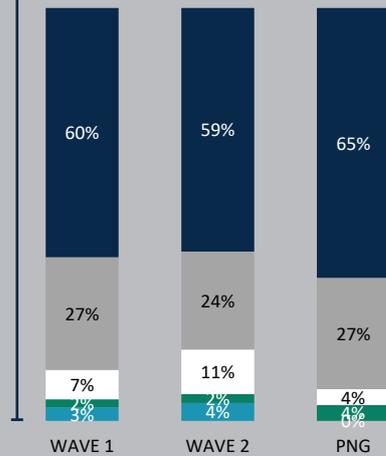


PERSONAL WELL-BEING

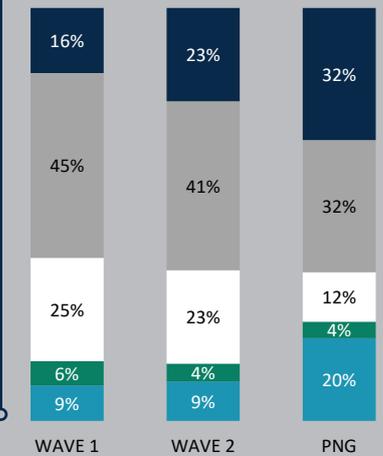
WELL-BEING OF THE COMMUNITY



PERSONAL FINANCIAL SITUATION



MENTAL HEALTH



In line with the last survey, 86% reported that COVID-19 has had a negative impact on their community.

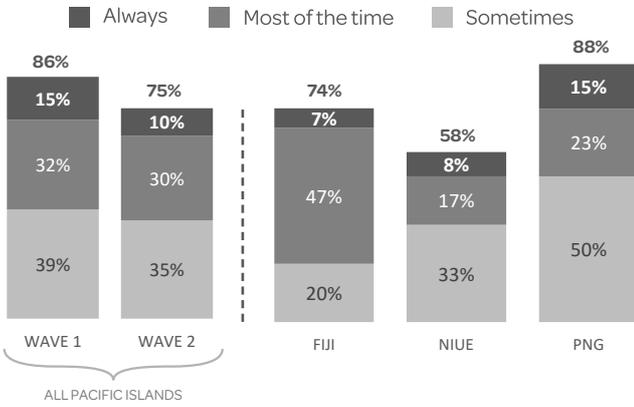
The pandemic has had a significant impact on business decision makers with 83% reporting a negative impact, including 59% a very negative impact.

The negative toll on mental health is building, with 64% reporting a negative impact on their mental health. Worryingly, nearly a quarter are now reporting a very negative impact.

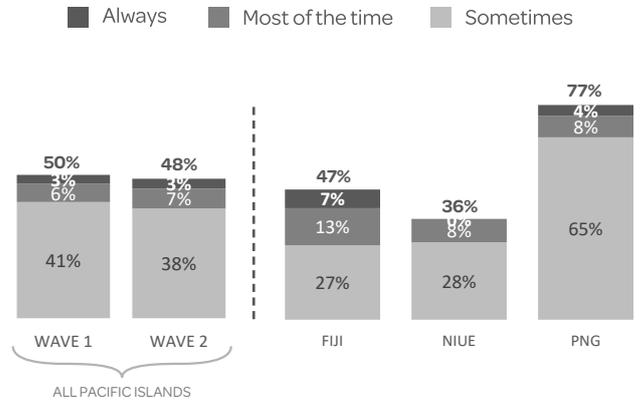
PERSONAL WELL-BEING CONT...



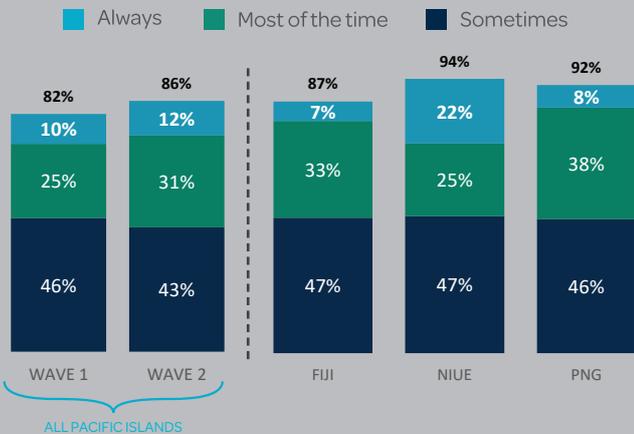
% FELT WORRIED OVER THE LAST 2 WEEKS*



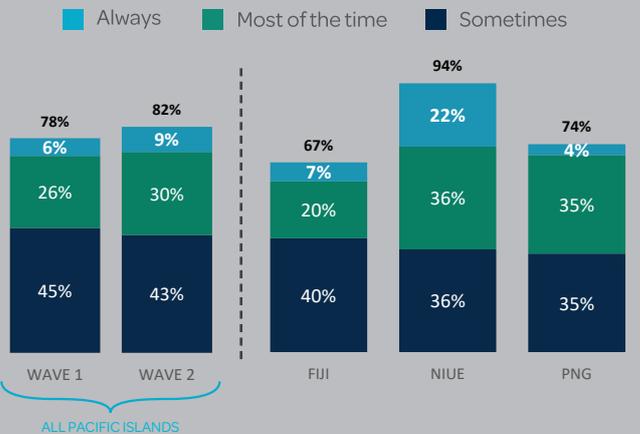
% FELT ANGRY OVER THE LAST 2 WEEKS*



% FELT OPTIMISTIC OVER THE LAST 2 WEEKS*



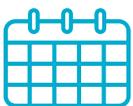
% FELT HAPPY OVER THE LAST 2 WEEKS*



* Percentages rounded to nearest whole number

METHODOLOGY

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



Responses were collected 1-7 June 2020



5-minute questionnaire



All surveys completed online



All respondents are decision makers/owners in small and medium businesses



A wide selection of industry sectors are represented



The information in this report is based on 143 respondents from across the Pacific region

FOR FURTHER INFORMATION



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