

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 sixth wave of PTI's *Pacific Business Monitor* surveys includes responses gathered from 31 August–13 September 2020 from 123 businesses across the Pacific Islands.

This report includes data from the top two 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

- Business confidence continues to decrease with only 68% of businesses confident that they will survive COVID-19.
- The proportion of businesses reporting that they are fully operational (44%) is at its highest since the first *PTI Pacific Business Monitor* survey.
- In line with previous surveys, 92% of businesses reported a decline in revenue, with 73% of female-led/owned businesses reporting significant decline in revenue in contrast to 47% of male-led/owned businesses.

CHALLENGES & SUPPORT NEEDED

- The top three challenges as a result of COVID-19 remain unchanged:
 - » Impact of closed international borders (91%)
 - » Poor cashflow (87%)
 - » Not knowing how long the crisis will last (86%)
- The top four initiatives businesses require assistance with are:
 - » Financial support (50%)
 - » Access to new markets (41%)
 - » Review/update of financial position (34%)
 - » Improving/implementing online commerce capabilities (30%)
- Comparisons between female- and male-led/owned businesses have revealed female-led/owned businesses are facing more barriers (44% vs 37%) – especially with lack of finance/cashflow (36% vs 18%), and although more have received government support, dissatisfaction levels are higher, indicating the support received has not been sufficient.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on business owners has remained steady with 65% reporting a negative impact on their mental health.
- The proportion of businesses reporting that COVID-19 is having a negative impact on community wellbeing has decreased slightly since Survey 5 to 82%.

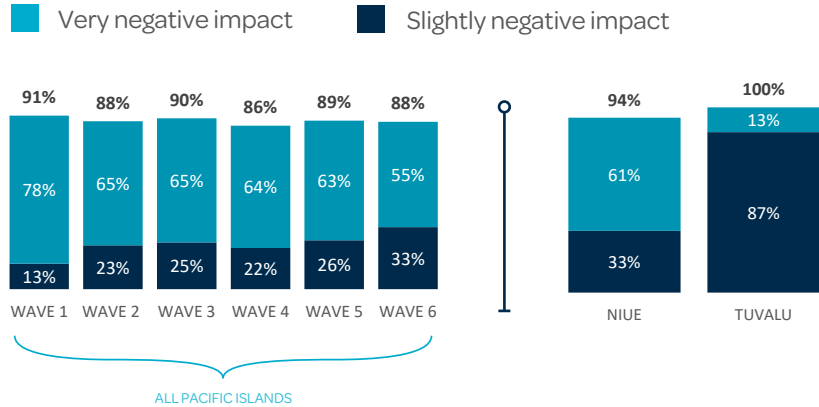
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

88%

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 eased, with over half reporting a very negative impact this wave (down from 63 per cent last wave).

REPORTED NEGATIVE IMPACT ON BUSINESS*

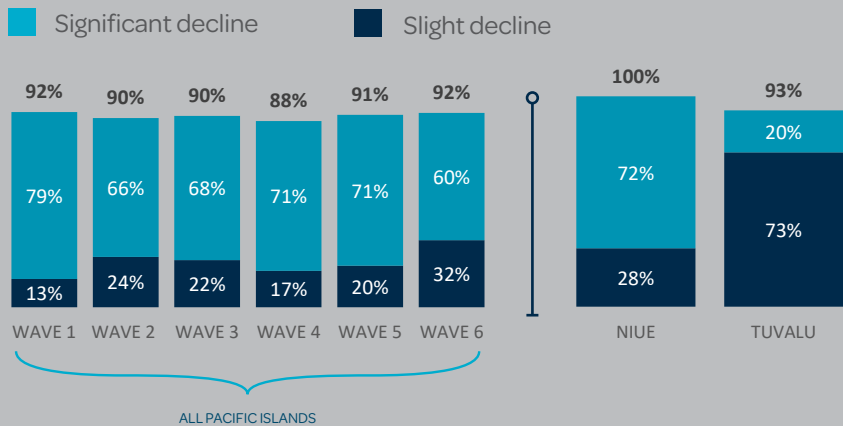


92%

REPORTED A DECLINE IN REVENUE

In line with previous waves, 92 per cent of businesses report a decline in revenue due to COVID-19. Overall, the impact on revenue has lessened in severity with the proportion of businesses reporting a significant decline in revenue now at 60 per cent (down from 71 per cent last wave).

REPORTED A DECLINE IN REVENUE*

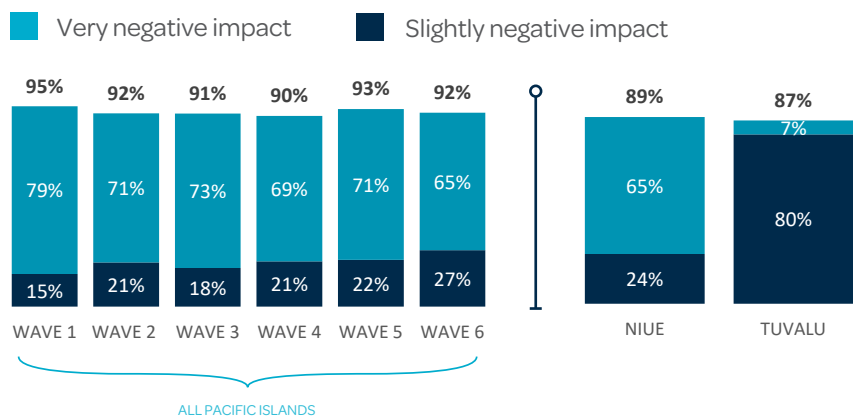


92%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

As the level of negative impact on business and revenue have both lessened in severity, perception of the local economy has improved, with 65 per cent reporting a very negative impact on the local economy (down from 71 per cent last wave).

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



*Percentages rounded to nearest whole number

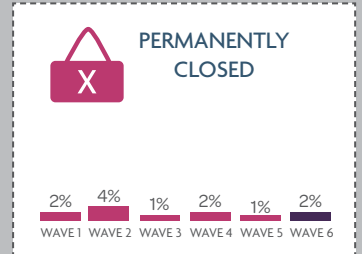
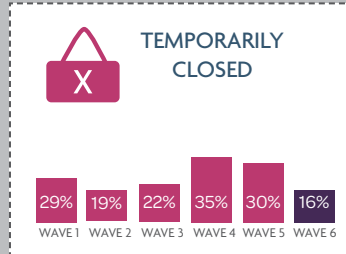
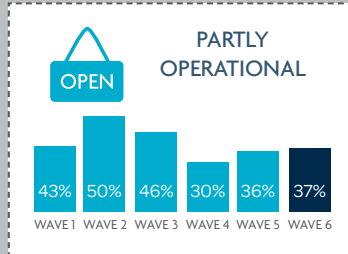
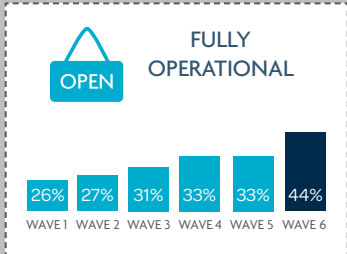
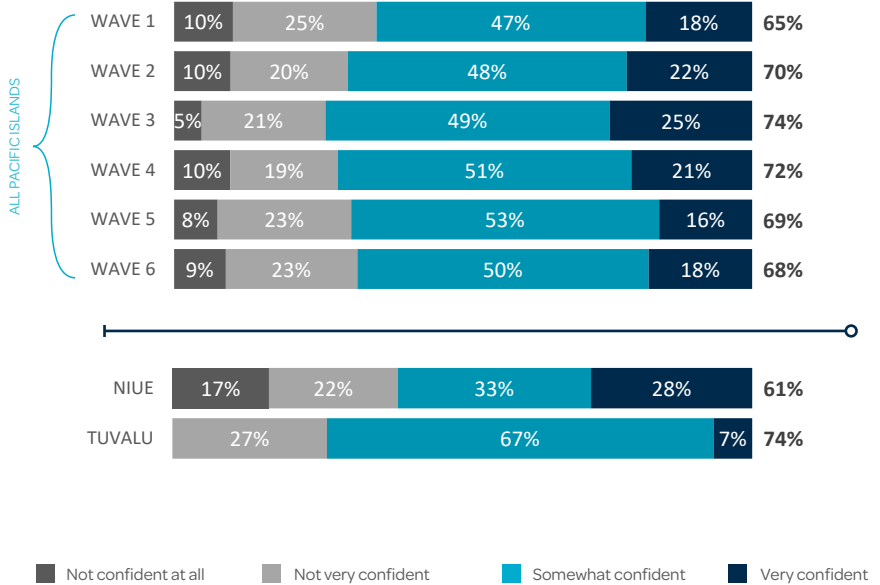


68%

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

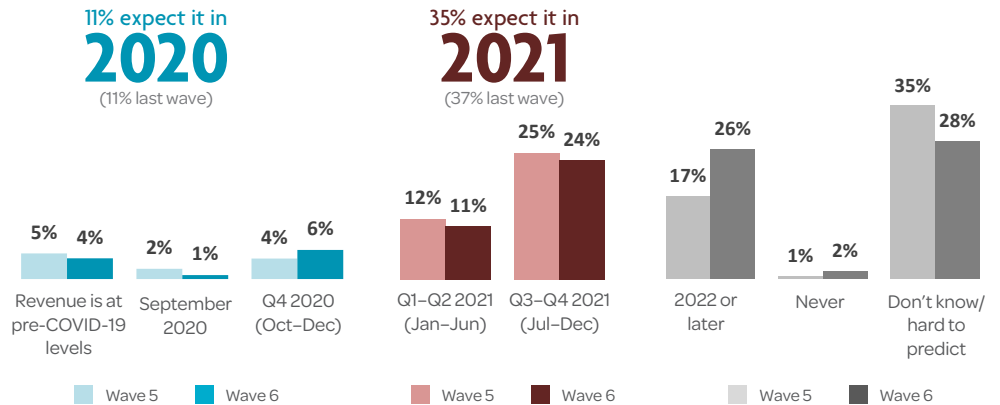
68 per cent are confident that their business will survive the COVID-19 crisis (down from 69 per cent last wave).

CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

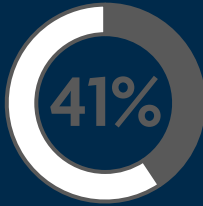
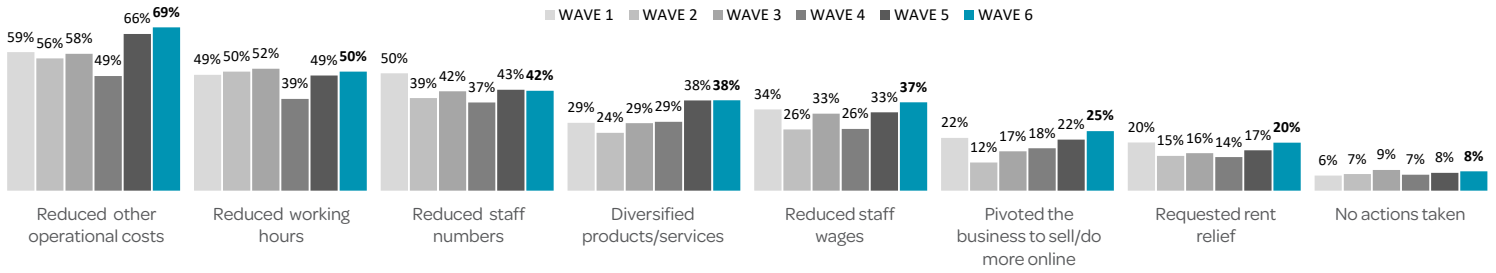


The proportion of businesses expecting to return to business as usual in 2020 and 2021 has remained stable. Some business owners who were unsure have become pessimistic, with over one-quarter now expecting a return to business as usual in 2022 or later.

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

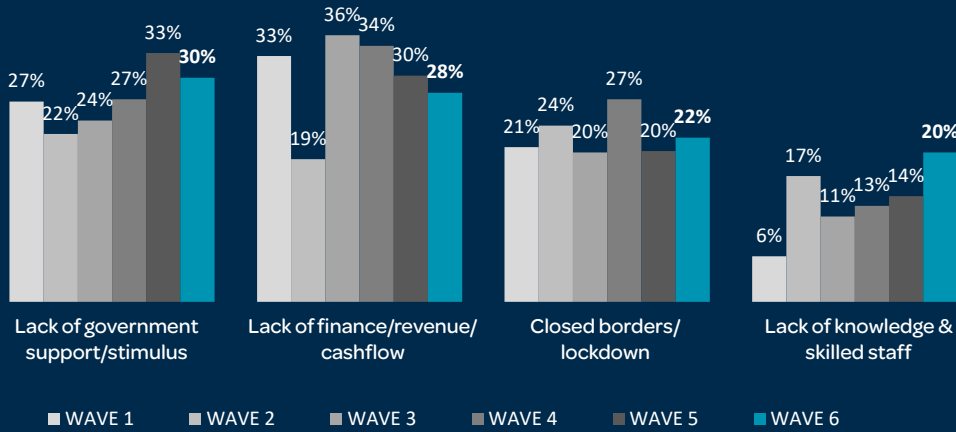


ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



BARRIERS TO ACTIONING INITIATIVES

41 per cent reported that there are barriers preventing them from actioning initiatives to support their business, down from 50 per cent last wave.



“Closed borders, no cash, no guests and not any help yet from the government.”

– SME, Tourism, Solomon Islands

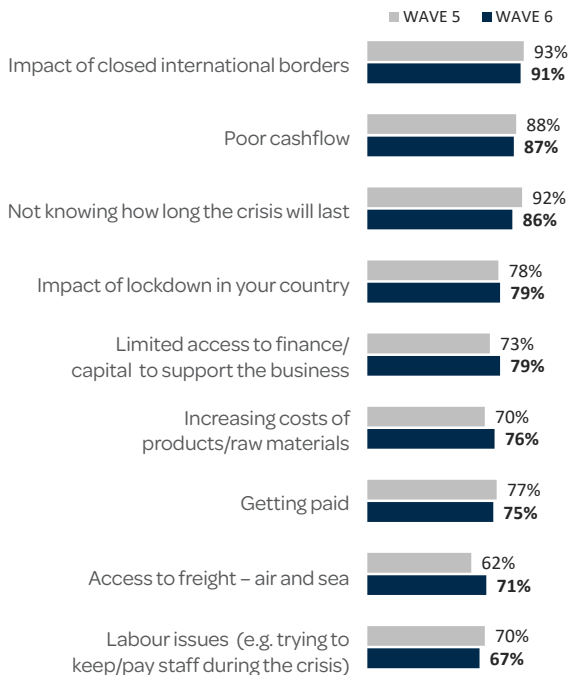
“Response from government is very slow and minimal, and financial services are becoming reluctant to respond to SME clients. It is very uncertain, and difficult to plan.”

– SME, Agriculture, Forestry & Fishing, Vanuatu

“Our business relies on tourists and expatriates coming into Samoa. As long as the borders are closed our business suffers. We would like to see the government offering us some form of assistance in these difficult times.”

– SME, Rental, Hiring & Real Estate, Samoa

TOP CHALLENGES

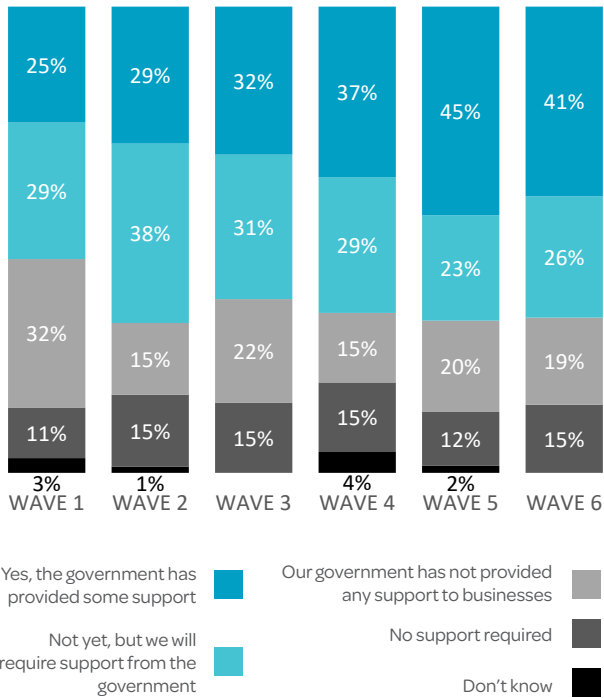


TOP 4 INITIATIVES NEEDED TO ACTION NOW

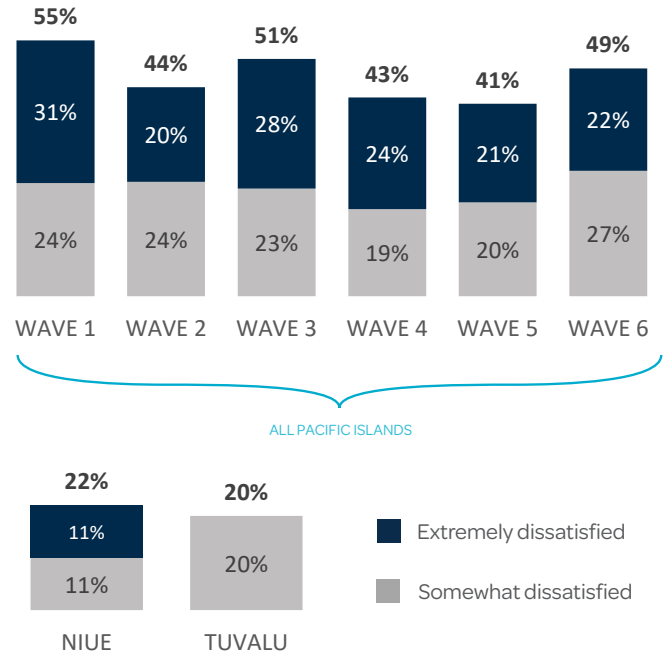


GOVERNMENT SUPPORT

HAS YOUR BUSINESS ACCESSED ANY SUPPORT?

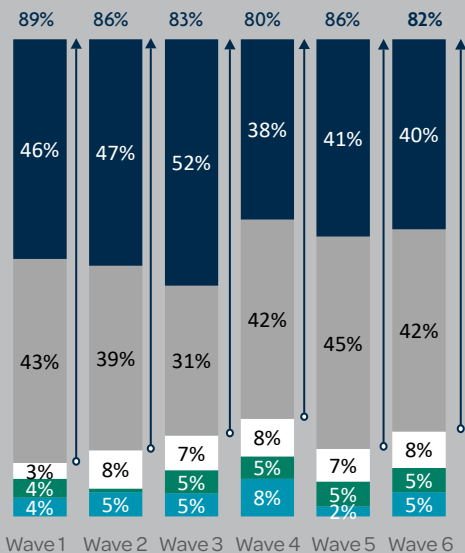


SATISFACTION WITH GOVERNMENT RESPONSE

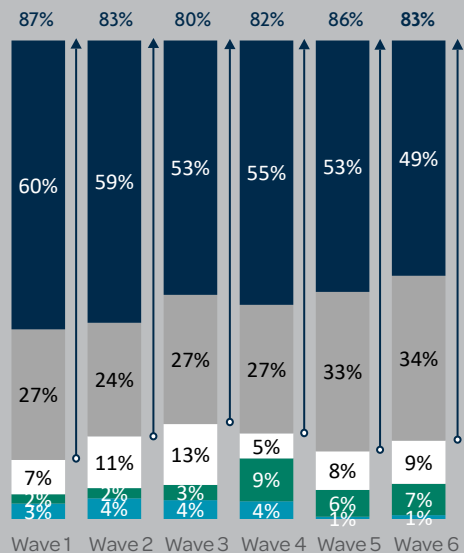


PERSONAL WELLBEING

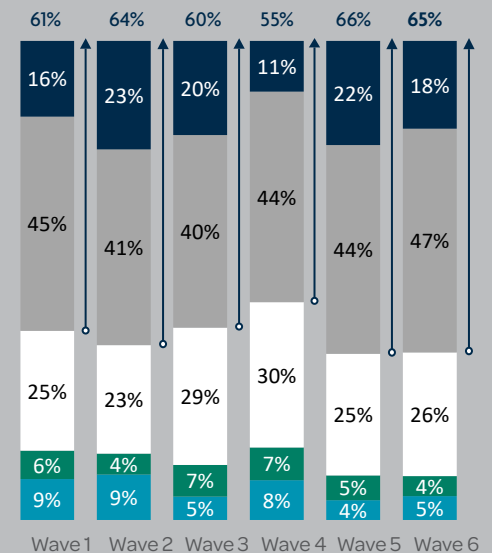
WELLBEING OF THE COMMUNITY



PERSONAL FINANCIAL SITUATION



MENTAL HEALTH



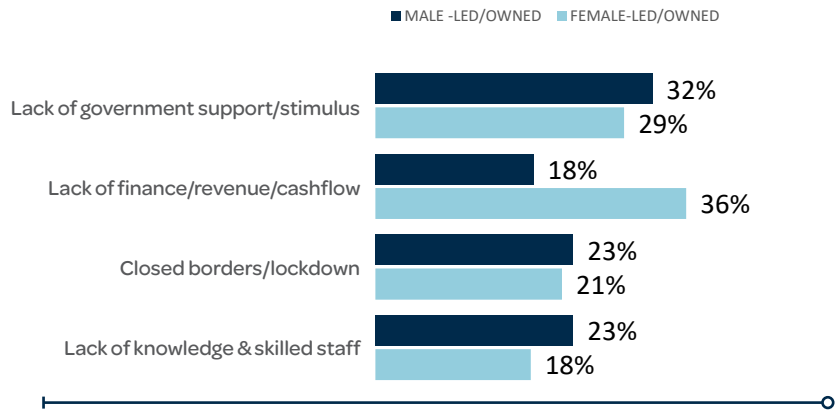
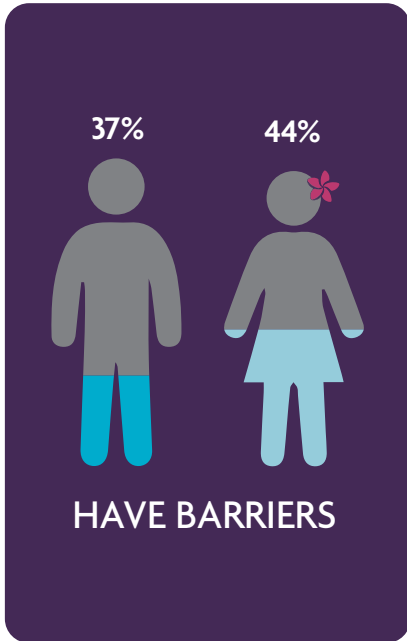
The proportion of businesses reporting the pandemic is having a negative impact on community wellbeing has declined slightly since the last wave to 82 per cent.

The pandemic continues to have a significant impact on business decision-makers personal financial situation, with 83 per cent reporting a negative impact.

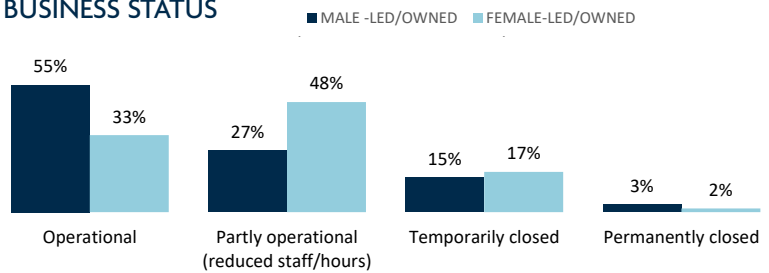
The negative toll on mental health has remained steady with 65 per cent reporting a negative impact on their mental health. Those reporting a very negative impact has declined slightly, however remains high at nearly one in five.

IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

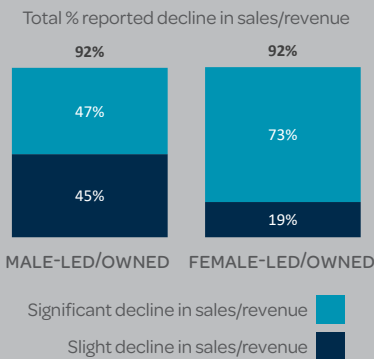
BARRIERS PREVENTING ACTIONING OF INITIATIVES



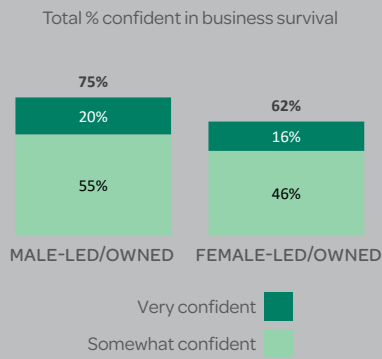
BUSINESS STATUS



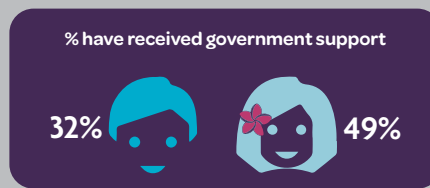
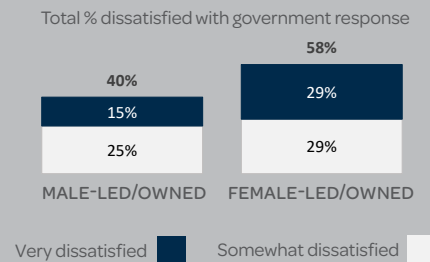
IMPACT ON BUSINESS REVENUE



CONFIDENCE IN BUSINESS SURVIVAL



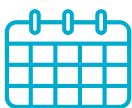
SATISFACTION WITH GOVERNMENT RESPONSE



* Percentages rounded to nearest whole number

METHODOLOGY

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



Responses were collected 31 August-13 September 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 123 respondents from across the Pacific region

FOR FURTHER INFORMATION



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