



INTRODUCTION

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. 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 ninth wave of PTI's Pacific Business Monitor surveys includes responses gathered from 30 November to 13 December 2020, from 113 businesses across the Pacific region, including 48 female-led/owned businesses.

This report includes data from the top three 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

- The extent and severity of COVID-19 on Pacific businesses has slightly worsened, with 60% reporting a very negative impact (up from 57% last wave). Total negative impact is at 89% (up from 85% last wave).
- Encouragingly, 78% of businesses are confident that they will survive the COVID-19 crisis (up from 75% last wave), which is the highest since tracking began.
- The proportion of businesses expecting to return to business as usual in the first half of 2021 has increased to 19% (up from 15% last wave).

CHALLENGES & SUPPORT NEEDED

- The top three challenges as a result of COVID-19 remain:
 - » Poor cashflow (93%)
 - » Not knowing how long the crisis will last (93%)
 - » Impact of closed international borders (90%)
- The top three initiatives businesses require assistance with are:
 - » Financial support (54%)
 - » Review financial position (42%)
 - » Improve online commerce capabilities (31%)
- The top barrier for female-led businesses to action initiatives is a lack of finance/revenue/cash flow at 38%, compared to 31% in male-led businesses.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on mental health has remained stable, with 62% continuing to report a negative impact on their mental health.
- The proportion of businesses reporting a very negative impact on community wellbeing has declined to 35% (down from 39% last wave) and is the lowest since reporting began.

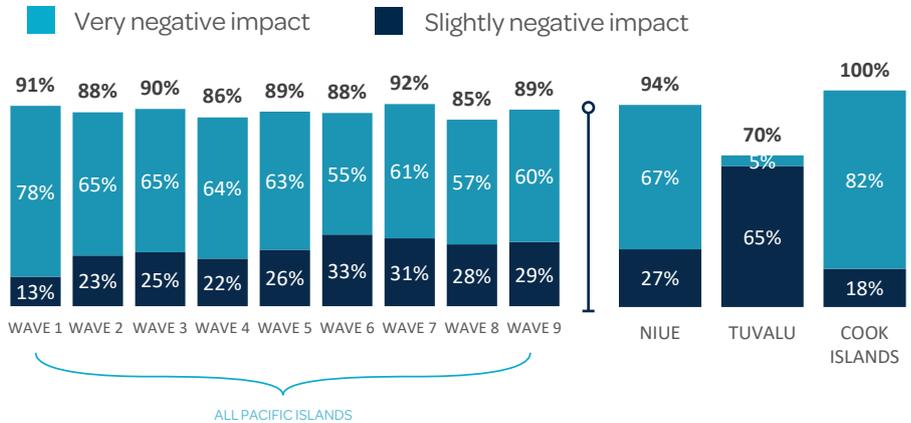
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

89%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on Pacific businesses as borders remain closed. The extent and severity of impact has slightly worsened, with 60% reporting a very negative impact (up from 57% last wave). Total negative impact is at 89% (up from 85% last wave).

REPORTED A NEGATIVE IMPACT ON BUSINESS*

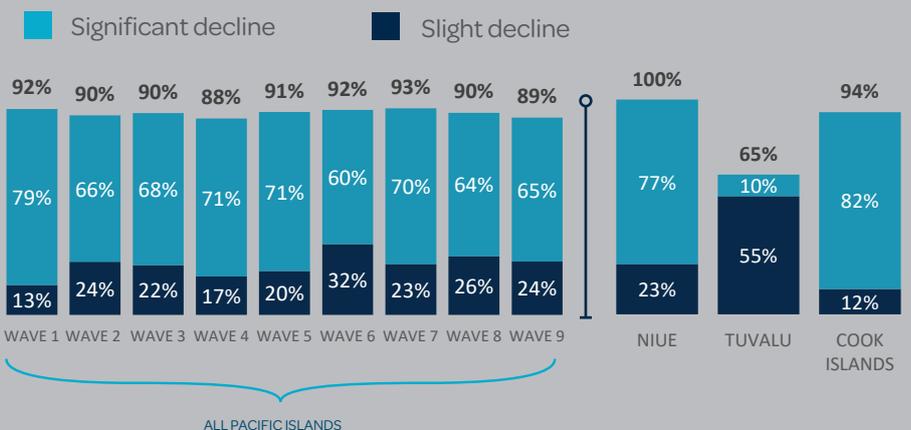


89%

REPORTED A DECLINE IN REVENUE

89% of businesses continue to report a decline in revenue due to COVID-19. The impact on revenue remains high, with nearly two thirds reporting a significant decline in revenue.

REPORTED A DECLINE IN REVENUE*

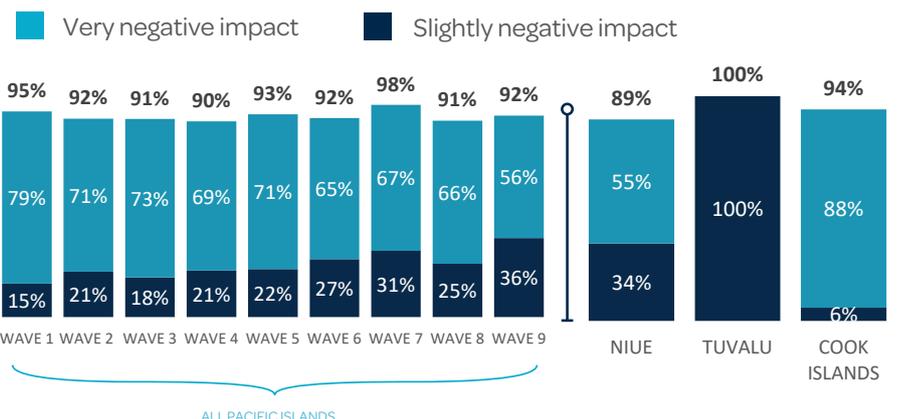


92%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

Negative perceptions of the impact on local economy have lessened in severity, with 56% reporting COVID-19 having a very negative impact (down from 66% last wave). Total negative impact remains high at 92% (up from 91% last wave).

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



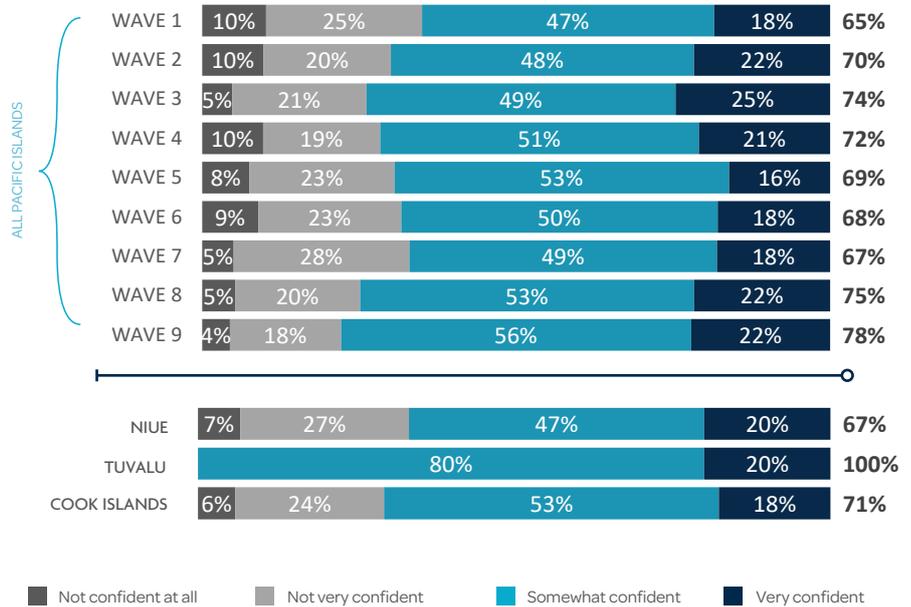
*Percentages rounded to nearest whole number

78%

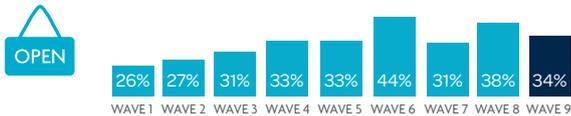
ARE CONFIDENT THAT THEIR BUSINESS WILL SURVIVE THE COVID-19 CRISIS

78% of respondents are confident that their business will survive the COVID-19 crisis (up from 75% last wave).

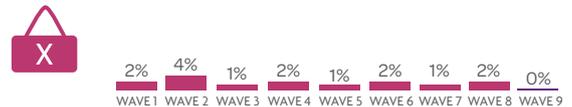
CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19



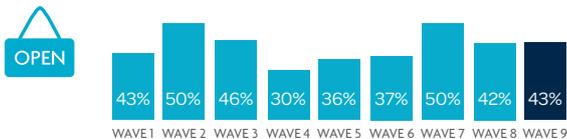
FULLY OPERATIONAL



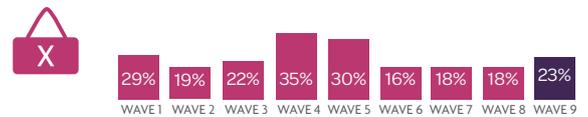
PERMANENTLY CLOSED



PARTLY OPERATIONAL

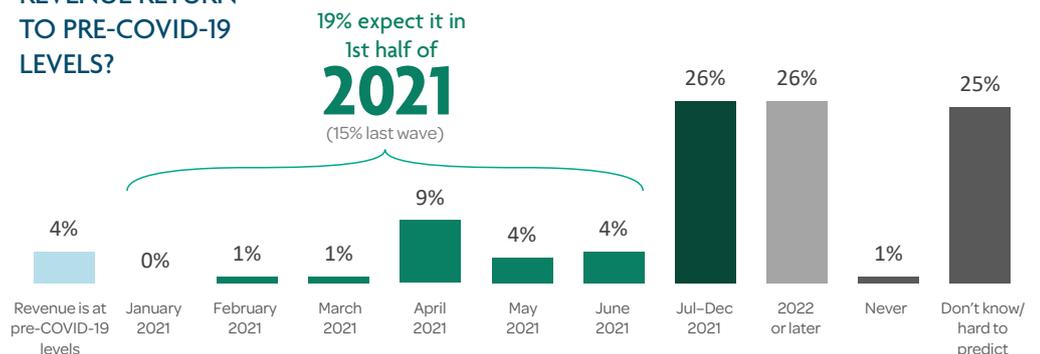


TEMPORARILY CLOSED



In line with rising confidence in business survival, the proportion of businesses expecting to return to business as usual in the first half of 2021 has increased to 19% (up from 15% last wave). A quarter are unsure (down from 31% last wave).

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

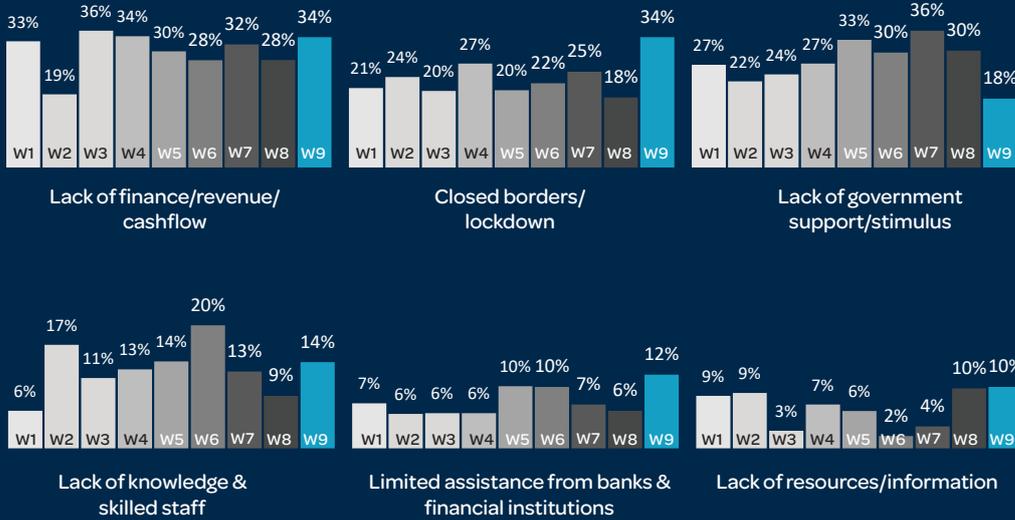


ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



44% BARRIERS TO ACTIONING INITIATIVES

44% reported barriers preventing them from actioning initiatives to support their business, a slight decrease from last wave (48%).



"Closed borders, no cash flow! Not knowing how long this will last is a problem, we have zero domestic market for the dive product in the Solomon Islands!"

- SME, Tourism, Solomon Islands

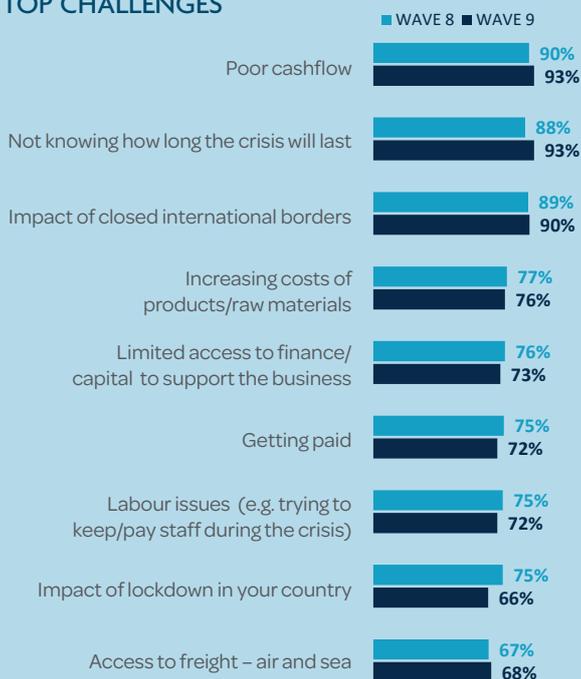
"Tourism is nonexistent. Until borders open, we are closed. We are getting no support in Papua New Guinea at all. Especially from the Tourism Promotion Authority who could be helping us actioning any initiatives we may have."

- SME, Tourism, Papua New Guinea

"Not knowing where and how to apply for financial grants... to help with my dying business."

- SME, Accommodation, Hospitality & Food Services, Palau

TOP CHALLENGES

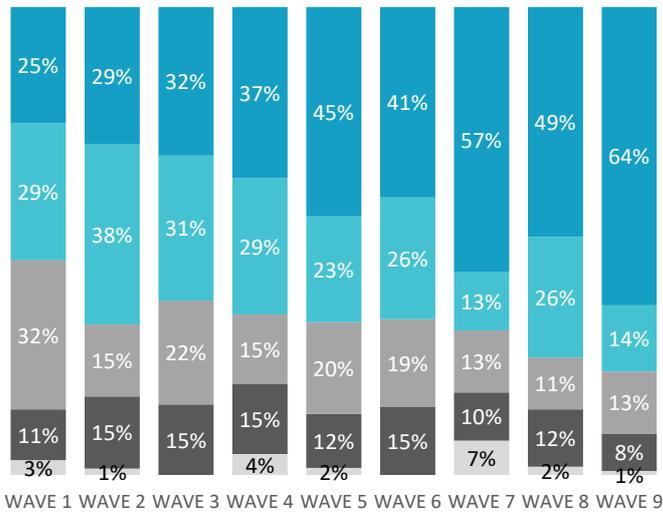


TOP INITIATIVES NEEDED TO ACTION NOW



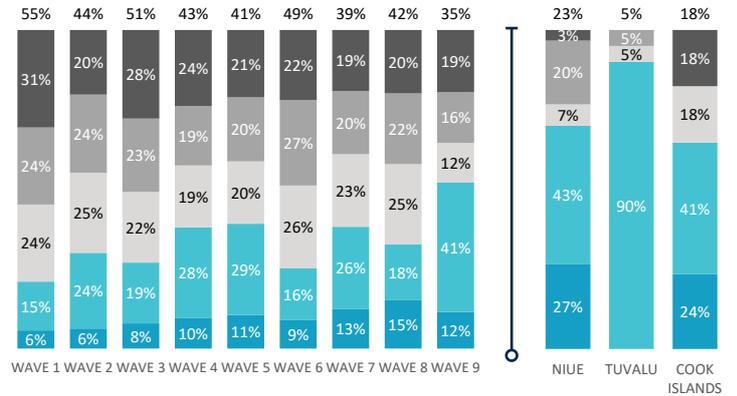
GOVERNMENT SUPPORT

HAS YOUR BUSINESS ACCESSED ANY SUPPORT?



Yes, the government has provided some support
 Not yet, but we will require support from the government
 Our government has not provided any support to businesses
 No support required
 Don't know

SATISFACTION WITH GOVERNMENT RESPONSE

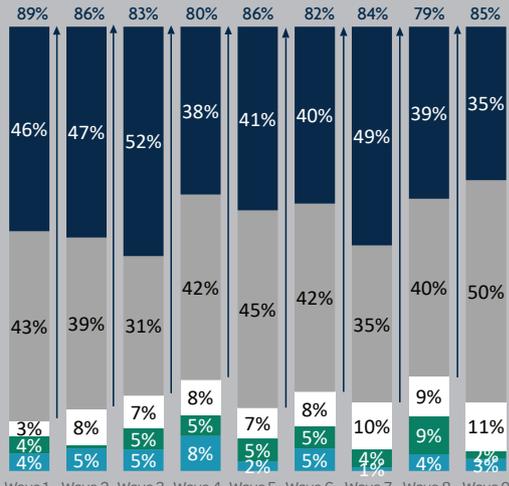


ALL PACIFIC ISLANDS
 NIUE
 TUVALU
 COOK ISLANDS

Extremely satisfied
 Somewhat satisfied
 Neutral
 Somewhat dissatisfied
 Extremely dissatisfied

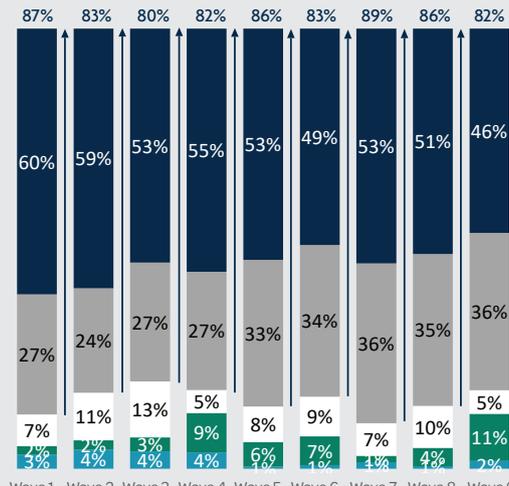
PERSONAL WELLBEING

WELLBEING OF THE COMMUNITY



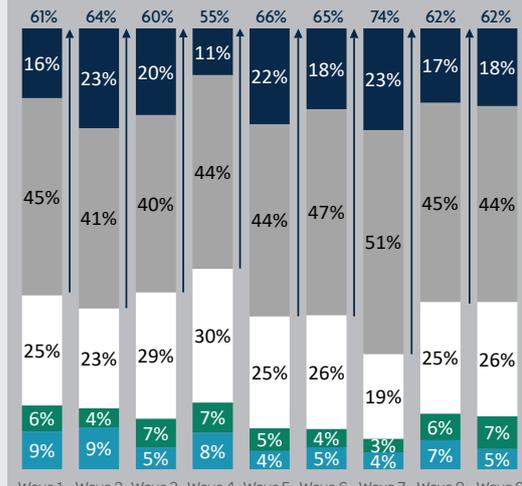
The proportion of businesses reporting a very negative impact on community wellbeing has declined to 35% (down from 39% last wave) and is the lowest since reporting began.

PERSONAL FINANCIAL SITUATION



COVID-19 continues to have a significant impact on business decision-makers' personal financial situation; however, those reporting a very negative impact declined to 46%, the lowest since reporting began.

MENTAL HEALTH

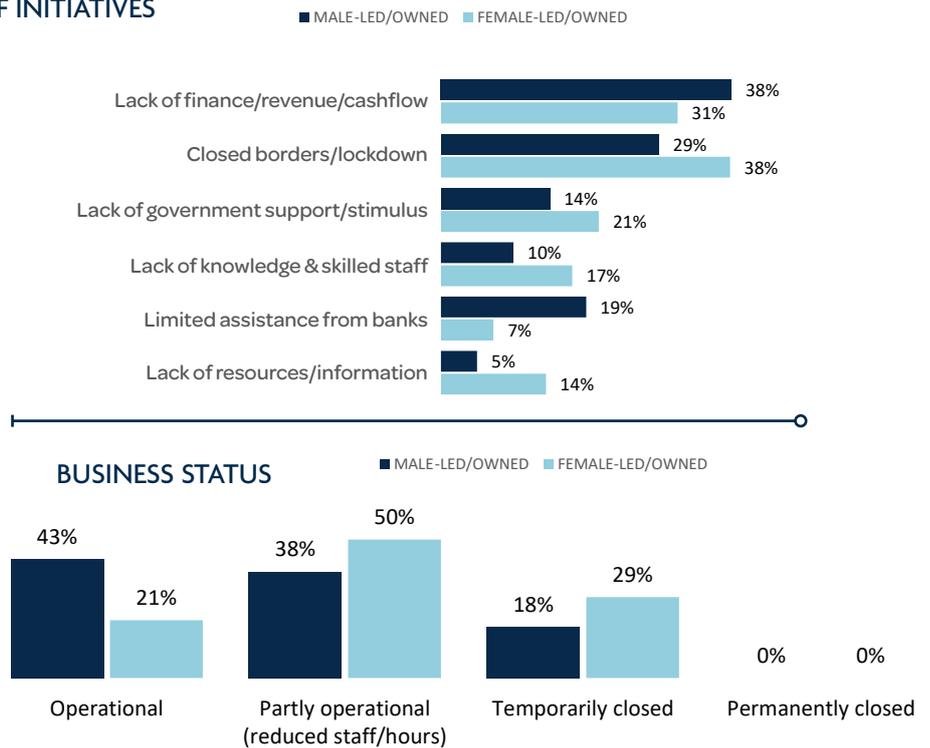


The negative toll on mental health has remained stable since last wave, with 62% continuing to report a negative impact on their mental health.

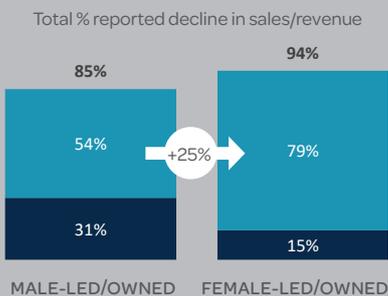
Very negative Slightly negative No impact Slightly positive Very positive

IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

BARRIERS PREVENTING ACTIONING OF INITIATIVES



IMPACT ON BUSINESS REVENUE



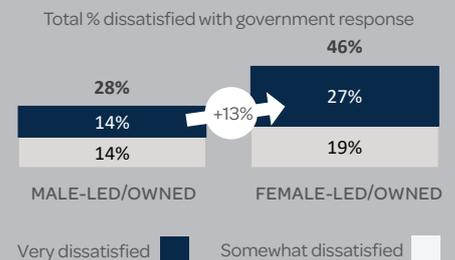
Significant decline in sales/revenue
Slight decline in sales/revenue

CONFIDENCE IN BUSINESS SURVIVAL



Very confident
Somewhat confident

SATISFACTION WITH GOVERNMENT RESPONSE



Very dissatisfied
Somewhat dissatisfied

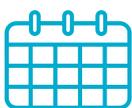
% have received government support



* Percentages rounded to nearest whole number

METHODOLOGY

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



Responses were collected 30 November to 13 December 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 113 respondents from across the Pacific region

FOR FURTHER INFORMATION



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