



Pacific Trade Invest

PACIFIC BUSINESS MONITOR 2020

TUVALU FOCUS



PACIFIC ISLANDS
FORUM SECRETARIAT

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INTRODUCTION

INSIGHTS INTO PACIFIC BUSINESSES

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.

International tourism is a driving sector for local Pacific economies, but travel restrictions in 2020, including border closures, have affected businesses in this region.

To understand the ongoing impact on the Pacific's private sector, Pacific Trade Invest (PTI) commissioned Fifth Quadrant, an independent research agency, to run a regular survey to understand the ongoing effects of COVID-19 on businesses in the Pacific.

This report reviews the data collected from across the Pacific region in the first nine waves of the survey, conducted from 18 May–13 December 2020.

OBJECTIVES

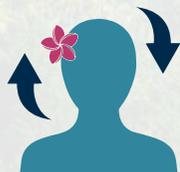


UNDERSTAND THE IMPACT OF COVID-19 ON SMES IN THE PACIFIC:

- Track impact on business revenue
- Track impact on the local economy
- Track level of concern regarding business survival
- Track impact on mental health

COMPARE SATISFACTION WITH GOVERNMENT SUPPORT:

- Track satisfaction with government response and support
- Track access to government support



UNDERSTAND HOW SMES IN THE PACIFIC ARE REACTING TO THE CRISIS:

Track how businesses are adapting to the crisis to reduce impact and damage (e.g. reduced wages, staff/operational costs etc.)

IDENTIFY KEY AREAS OF SUPPORT NEEDED TO RECOVER FROM THE IMPACT OF COVID-19:

- Expectations regarding speed of recovery
- Initiatives taken to optimise/improve business readiness for upswing
- Understand the key challenges
- What assistance do they need to adapt/optimize/ improve/ survive?
- What information is required?



SAMPLE PROFILE

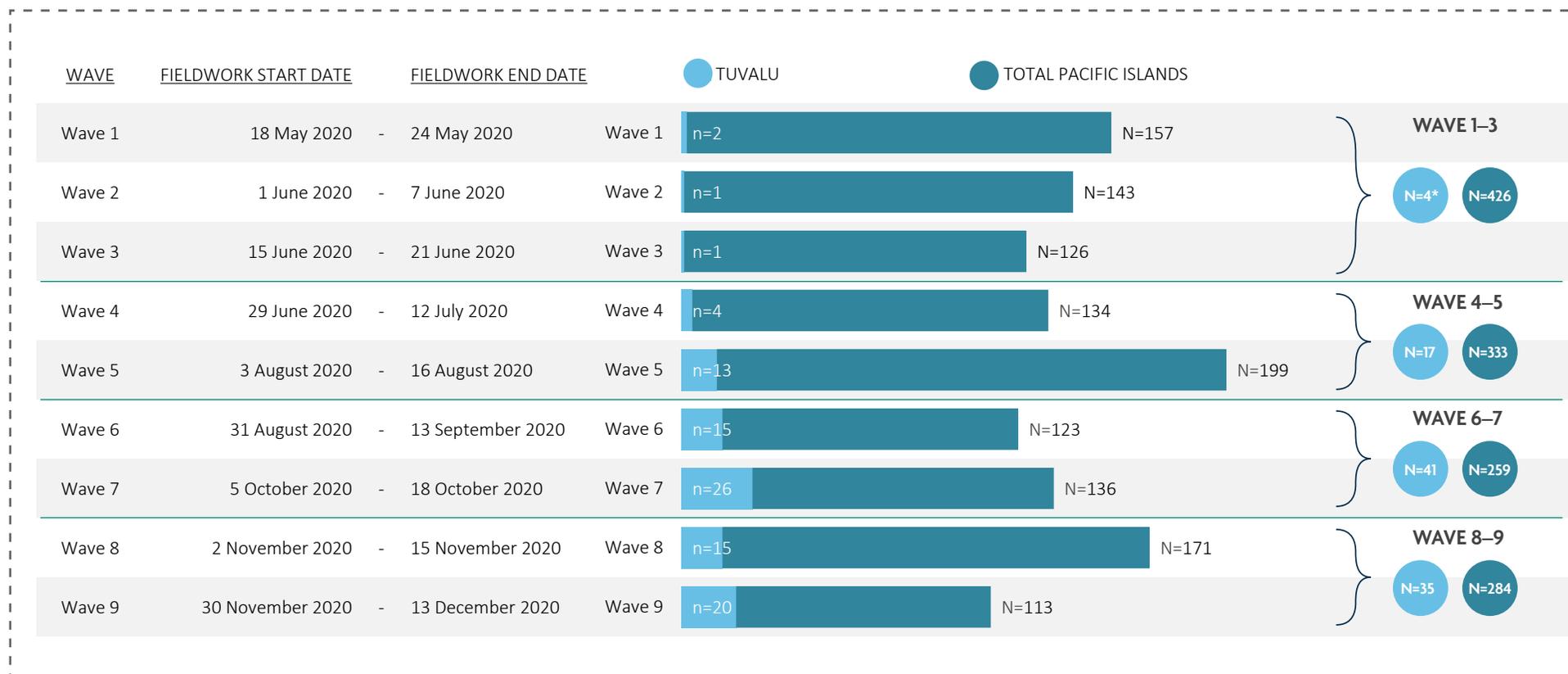
LOCATION

Our sample includes businesses based in the Pacific Islands. We achieved a robust sample of over n=110 for each wave in 2020 and a relatively consistent representation of businesses in Tuvalu across each wave.

	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6	Wave 7	Wave 8	Wave 9
TOTAL PACIFIC ISLANDS	157	143	126	134	199	123	136	171	113
Cook Islands	10	4	4	2	20	4	31	19	17
Federated States of Micronesia (FSM)	1	0	0	0	0	0	0	0	0
Fiji	27	15	10	10	6	13	5	34	9
French Polynesia	3	0	4	2	0	1	0	1	1
Kiribati	6	2	3	2	4	1	2	4	0
Marshall Islands	1	1	1	0	0	7	1	0	0
Nauru	1	0	2	0	1	0	1	1	1
New Caledonia	8	10	7	9	25	12	7	10	6
Niue	2	36	10	52	41	18	22	36	30
Palau	2	13	16	4	5	9	4	4	3
PNG	19	26	16	12	18	4	5	6	4
Samoa	15	10	12	5	10	10	9	8	4
Solomon Islands	8	8	13	8	30	6	6	9	9
Tonga	32	9	16	15	18	10	8	11	2
Tuvalu	2	1	1	4	13	15	26	15	20
Vanuatu	20	8	11	9	8	13	9	13	7

SAMPLE PROFILE

As base sizes were low for some waves, 2020 waves were combined into four periods as shown below to maximise the validity of the data and ensure reliable comparison of Tuvalu to the total Pacific Islands. Wave 1-3 was excluded from this report as the base size was too low for Tuvalu to accurately compare to total.



*Low base size

IMPACT OF COVID-19 ON BUSINESS STATUS

Although the COVID-19 crisis has had a significant impact on the normal operation of businesses in Tuvalu, positively there was a significant increase in the number of businesses returning to full operation at the end of 2020. Two thirds of businesses in Tuvalu returned to fully operational status compared to only a third of businesses overall in the Pacific Islands.

Q

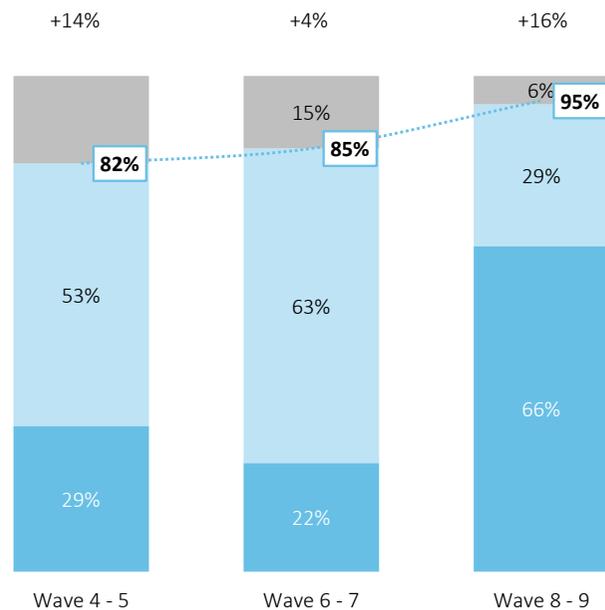
WHAT IS YOUR CURRENT BUSINESS STATUS?

TUVALU

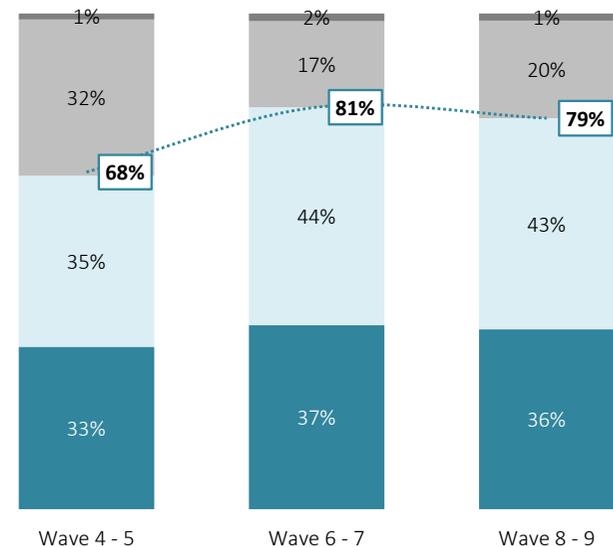
TOTAL PACIFIC ISLANDS

% Total operational gap to Total Pacific Islands

- Permanently closed
- Temporarily closed
- Partly operational e.g. with reduced staff/hours
- Operational



- Permanently closed
- Temporarily closed
- Partly operational e.g. with reduced staff/hours
- Operational



..... % TOTAL OPERATIONAL

IMPACT OF COVID-19 ON BUSINESS

Businesses experiencing a very negative impact of COVID-19 in Tuvalu has gradually declined over 2020.

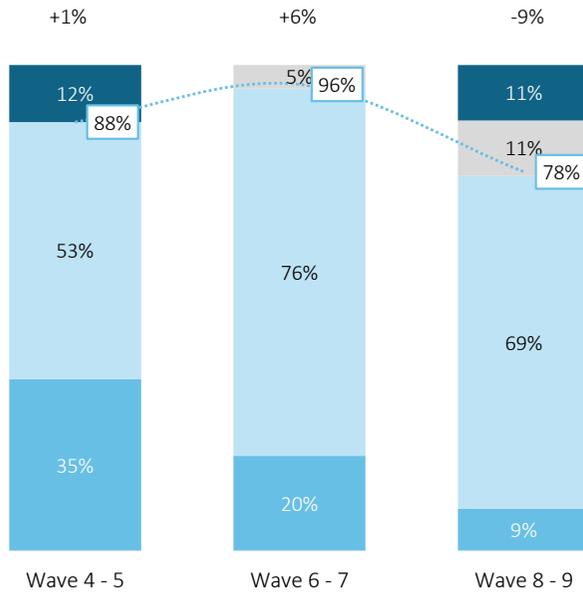
Q

HOW WOULD YOU DESCRIBE THE IMPACT OF THE COVID-19 OUTBREAK ON YOUR BUSINESS?

TUVALU

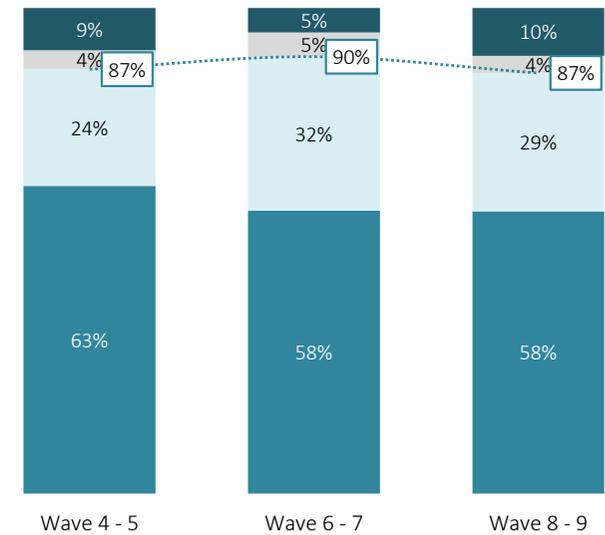
% Total negative impact gap to Total Pacific Islands

- Positive
- No impact
- Slightly negative
- Very negative



TOTAL PACIFIC ISLANDS

- Positive
- No impact
- Slightly negative
- Very negative



..... % TOTAL NEGATIVE IMPACT

IMPACT OF COVID-19 ON BUSINESS REVENUE

In line with less negative impact and more businesses returning to normal operation, a decreasing proportion of businesses in Tuvalu have faced significant declines in revenue over 2020 compared to the Pacific Islands overall. In Tuvalu, 17% of businesses are now experiencing increases in revenue, indicating they have started adapting to the conditions.

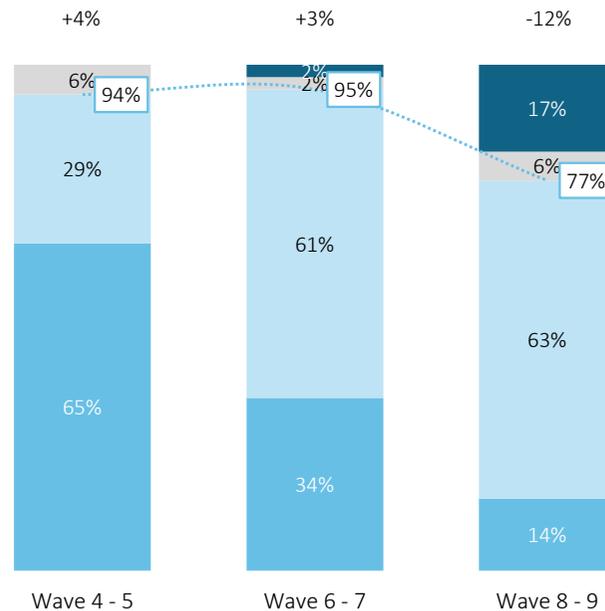
Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS SALES/REVENUE SO FAR?

TUVALU

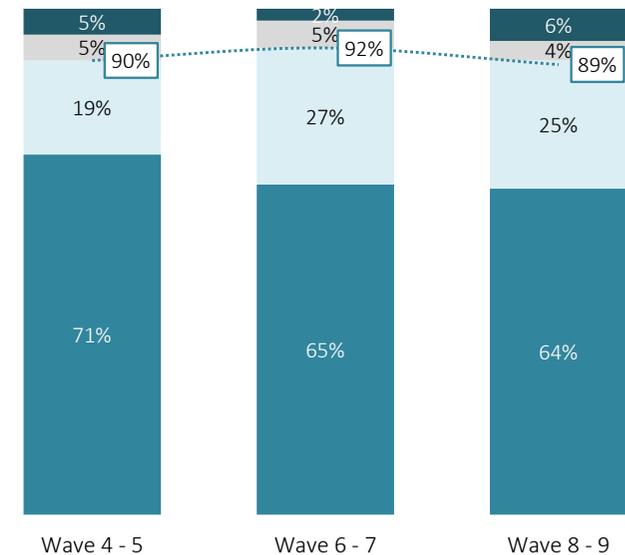
% Total decline in revenue gap to Total Pacific Islands

- Increase
- No impact
- Slight decline
- Significant decline



TOTAL PACIFIC ISLANDS

- Increase
- No impact
- Slight decline
- Significant decline



..... % TOTAL DECLINE IN REVENUE

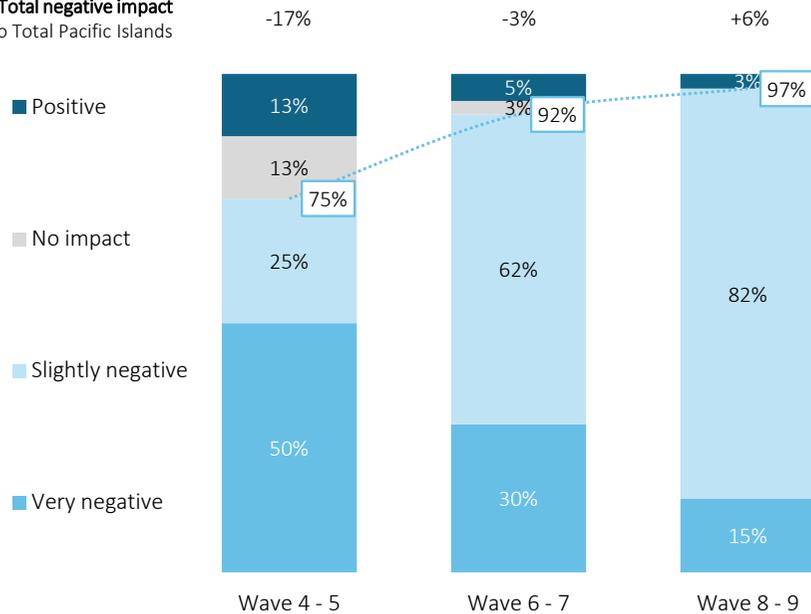
IMPACT OF COVID-19 ON THE LOCAL ECONOMY

Those reporting a very negative impact on the local economy in Tuvalu has gradually declined over 2020, although 97% still report a negative impact.

Q WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR LOCAL ECONOMY?

TUVALU

% Total negative impact gap to Total Pacific Islands

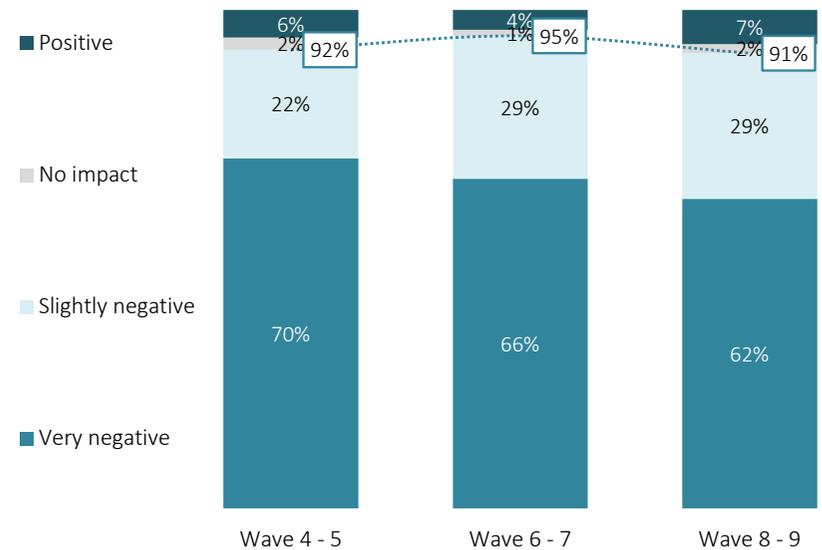


Wave 4 - 5

Wave 6 - 7

Wave 8 - 9

TOTAL PACIFIC ISLANDS



Wave 4 - 5

Wave 6 - 7

Wave 8 - 9

..... % TOTAL NEGATIVE IMPACT

IMPACT OF COVID-19 ON WELLBEING

The negative impact on community wellbeing, personal finance and mental health among decision-makers in Tuvalu is much less than the Pacific Islands overall.



WHAT IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING...?



THE WELLBEING OF YOUR COMMUNITY

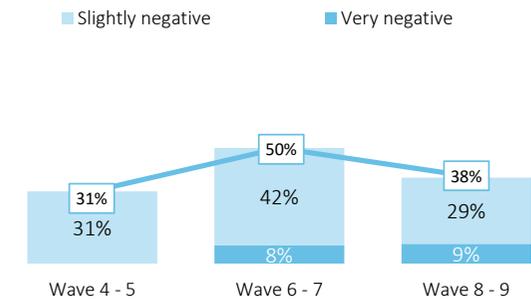
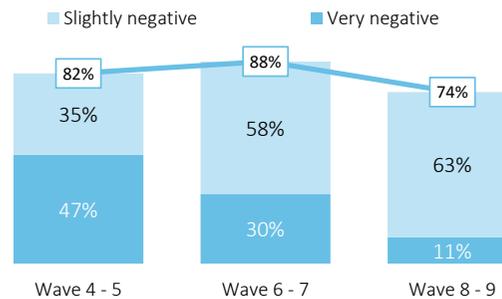
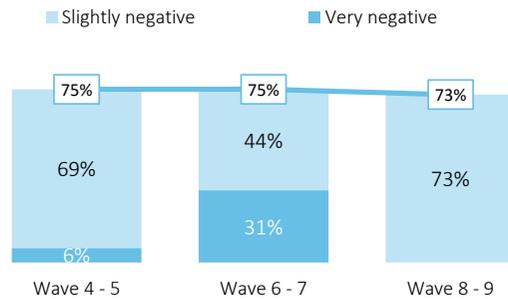


YOUR PERSONAL FINANCIAL SITUATION

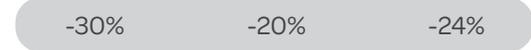


YOUR MENTAL HEALTH

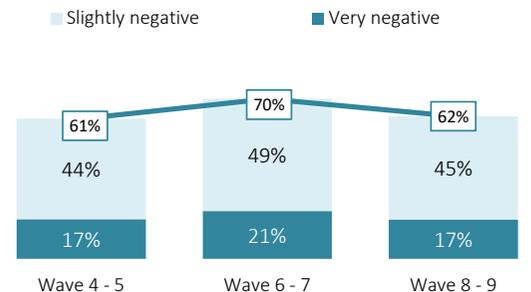
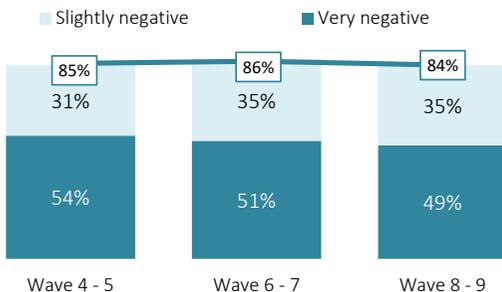
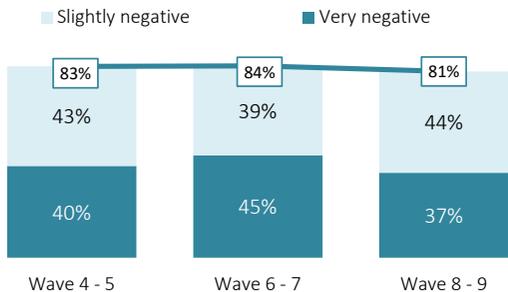
TUVALU



% total negative gap to total



TOTAL PACIFIC ISLANDS



IMPACT OF COVID-19 ON EMOTIONAL STATE

As businesses have seen recent improvements in business conditions and outlook, levels of optimism remain high for approximately 60% of Tuvalu decision-makers. Positively, happiness levels significantly increased, and levels of worry decreased at the end of 2020, reflecting improvements in mental health among Tuvalu decision-makers during this time.

Q

THINKING BACK OVER THE LAST 2 WEEKS, HOW OFTEN DID YOU FEEL...?

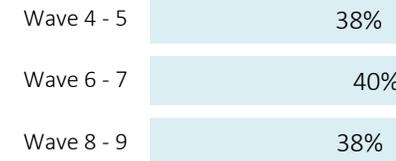
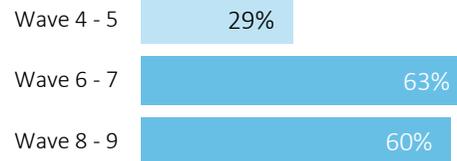
TUVALU

TOTAL PACIFIC ISLANDS



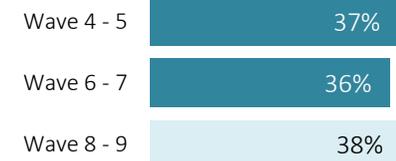
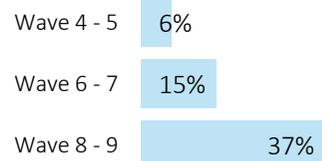
OPTIMISTIC

% Felt optimistic all/most of the time



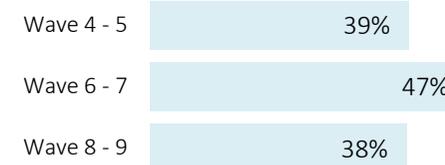
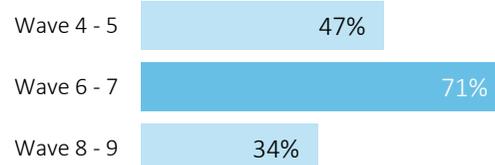
HAPPY

% Felt happy all/most of the time



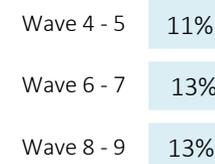
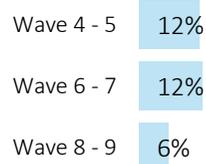
WORRIED

% Felt worried all/most of the time



ANGRY

% Felt angry all/most of the time



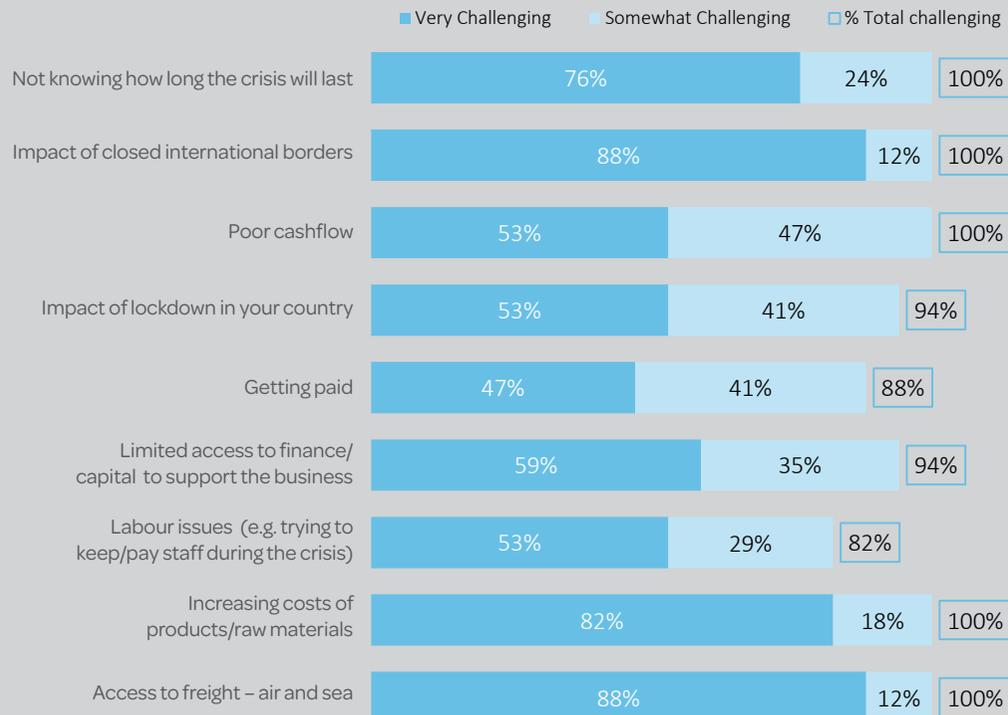
CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

The extent of challenges faced by Tuvalu businesses have declined across most factors by the end of 2020 as businesses adapt to the conditions.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

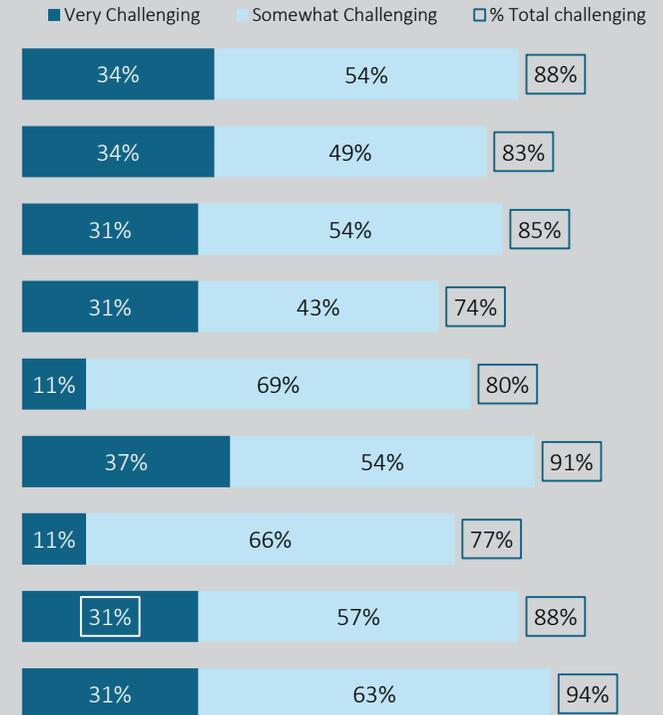
TUVALU: WAVE 4-5



% Total challenging
Wave 8-9 difference to
Wave 4-5

-12%
-17%
-15%
-20%
-8%
-3%
-5%
-12%
-6%

TUVALU: WAVE 8-9



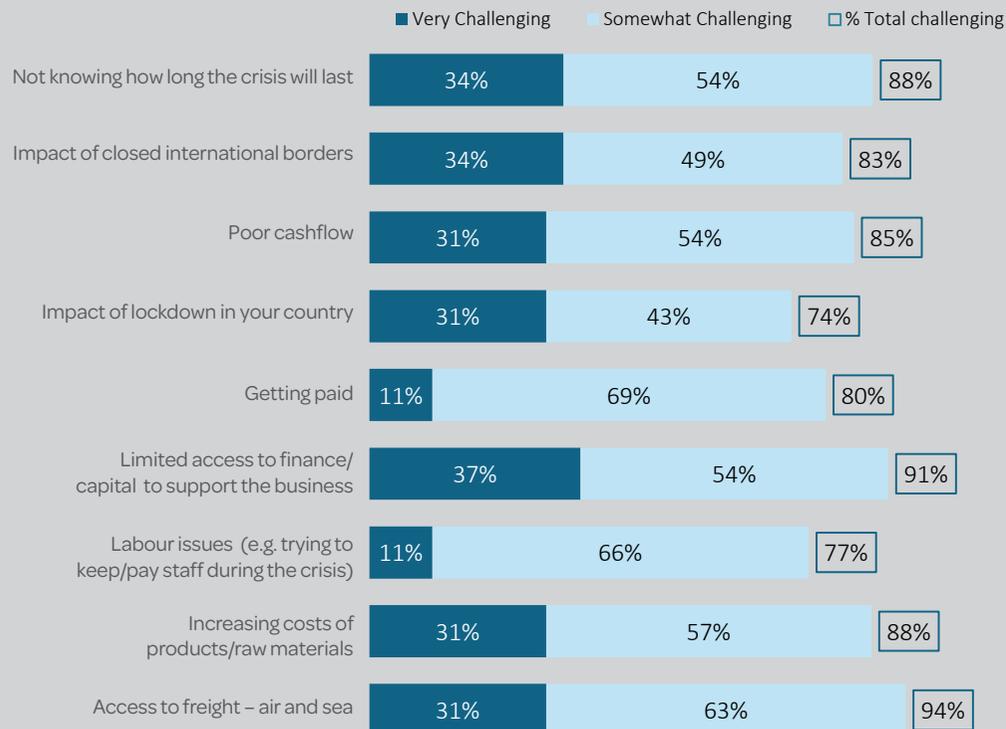
CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

Towards the end of 2020, businesses in Tuvalu were more likely to be challenged by limited access to finance, increasing costs and access to freight compared to the Pacific Islands overall.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

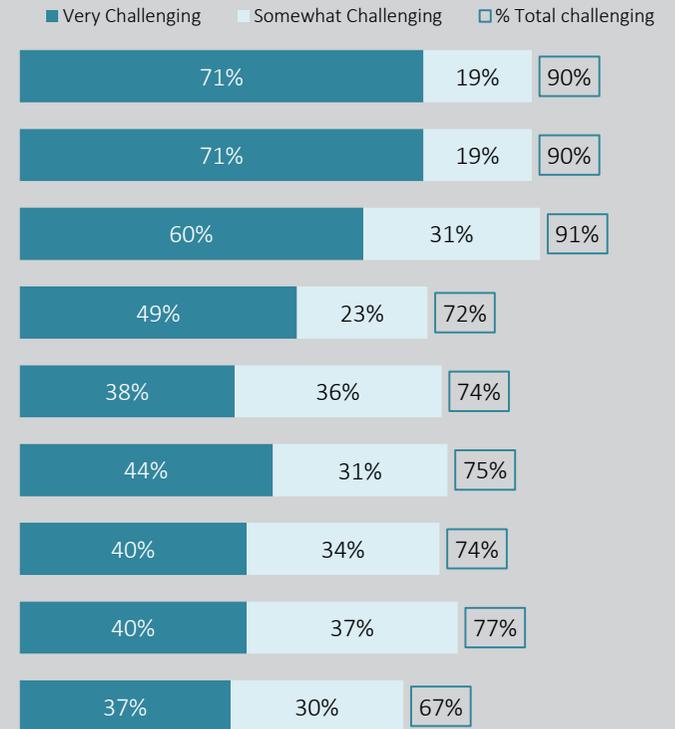
TUVALU: WAVE 8-9



% Total challenging
Wave 8-9 gap to
Total Pacific Islands

-2%
-7%
-6%
+2%
+6%
+16%
+3%
+11%
+27%

TOTAL PACIFIC ISLANDS: WAVE 8-9

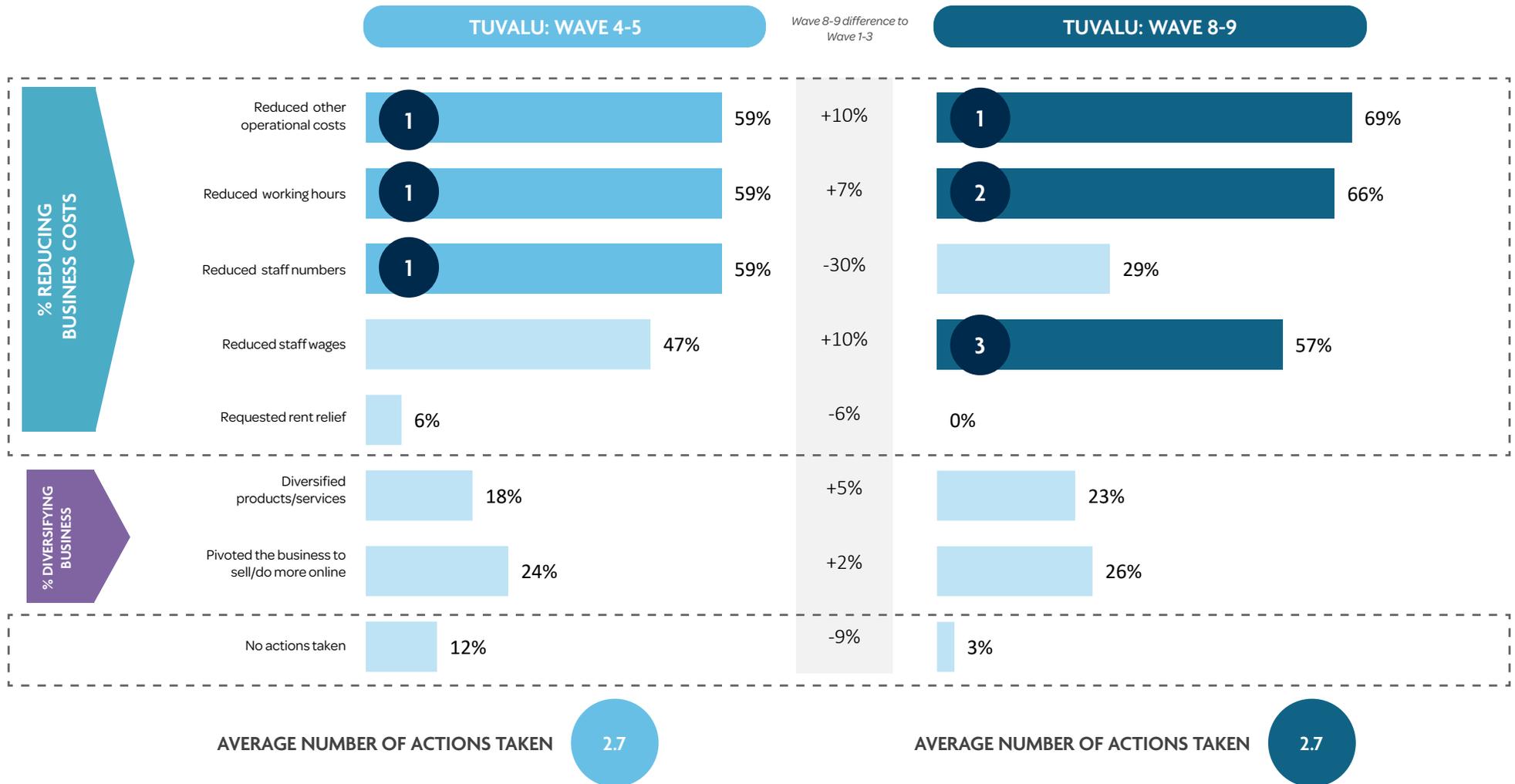


ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

The last two months of 2020 saw businesses in Tuvalu increasing their focus on reducing business costs (particularly staff wages and other operational costs).



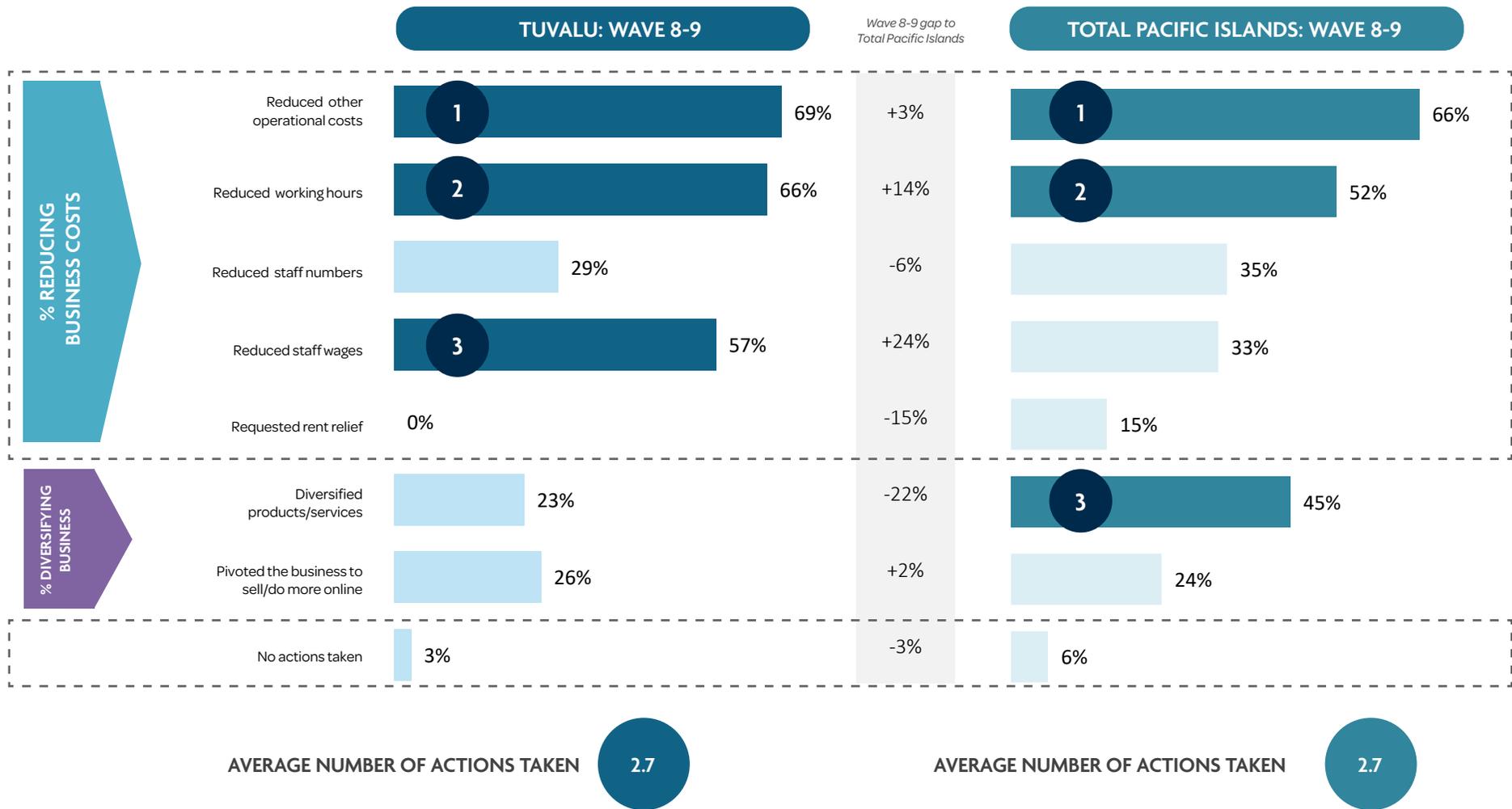
INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.



ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

Compared to the Pacific Islands overall, Tuvalu businesses were less likely to diversify towards the end of 2020.

Q INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.



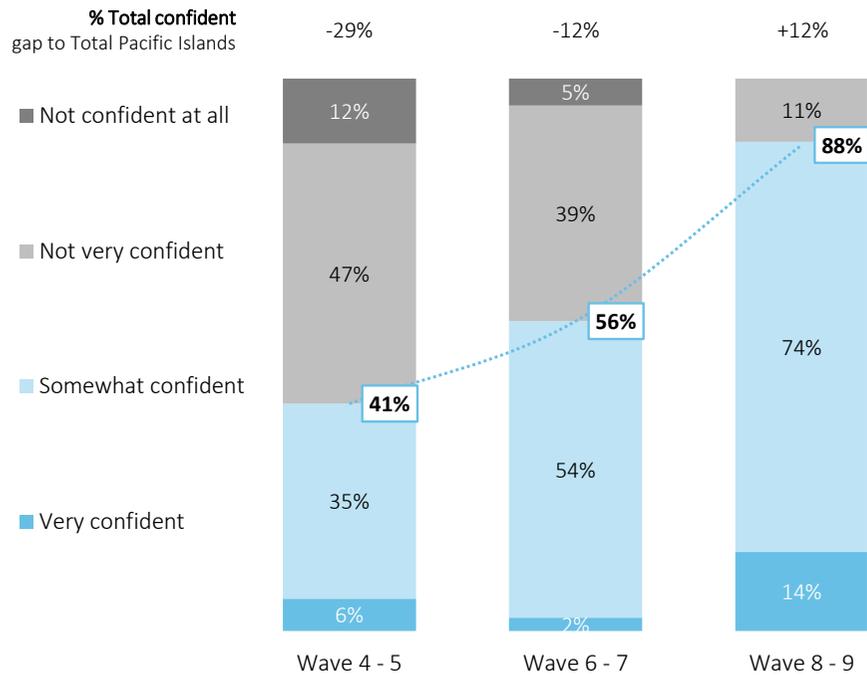
CONFIDENCE IN BUSINESS SURVIVAL

Tuvalu businesses reported a significantly higher confidence in business survival towards the end of 2020.

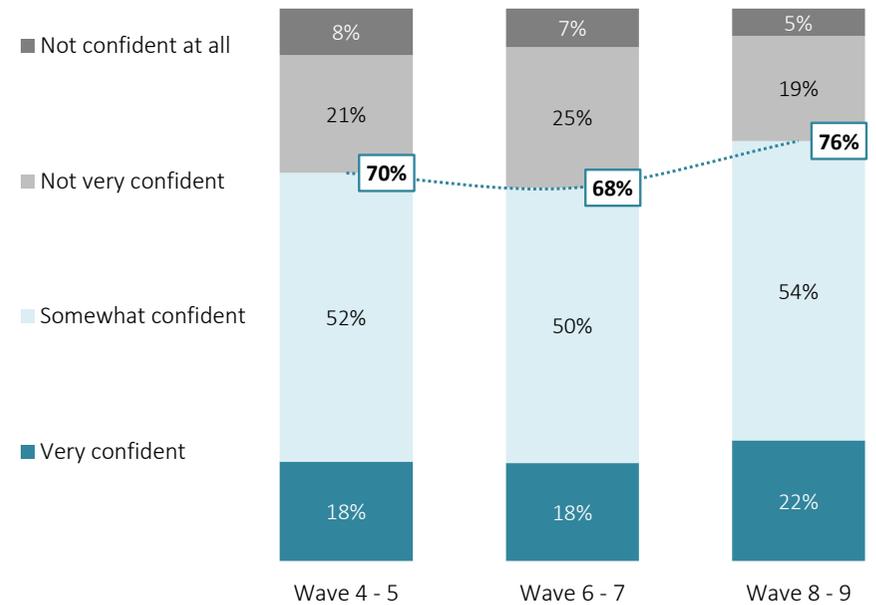
Q

HOW CONFIDENT ARE YOU THAT YOUR BUSINESS WILL SURVIVE THE COVID-19 CRISIS?

TUVALU



TOTAL PACIFIC ISLANDS



..... % TOTAL SATISFIED WITH GOVERNMENT RESPONSE

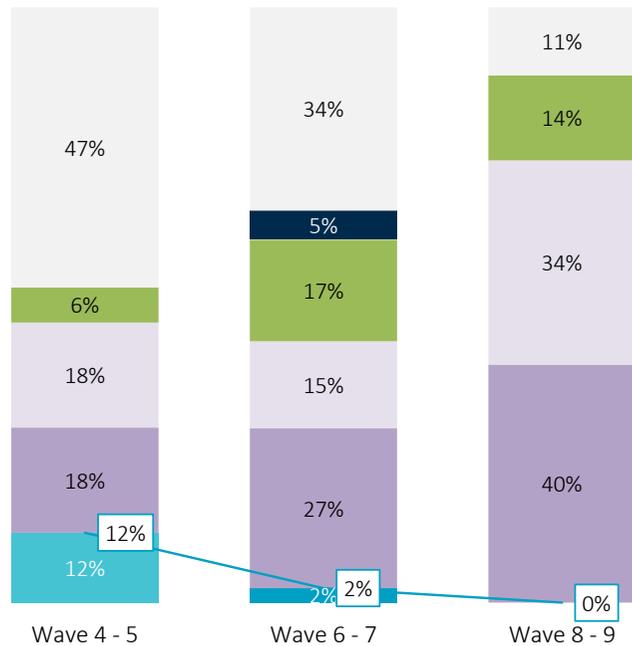
TIMEFRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

Timeframe expectations to return to business as usual in Tuvalu gradually increased as 2020 progressed, a trend seen across all the Pacific Islands. Businesses in Tuvalu are more optimistic for an earlier return, with 40% expecting to return to business as usual by the first half of 2021.

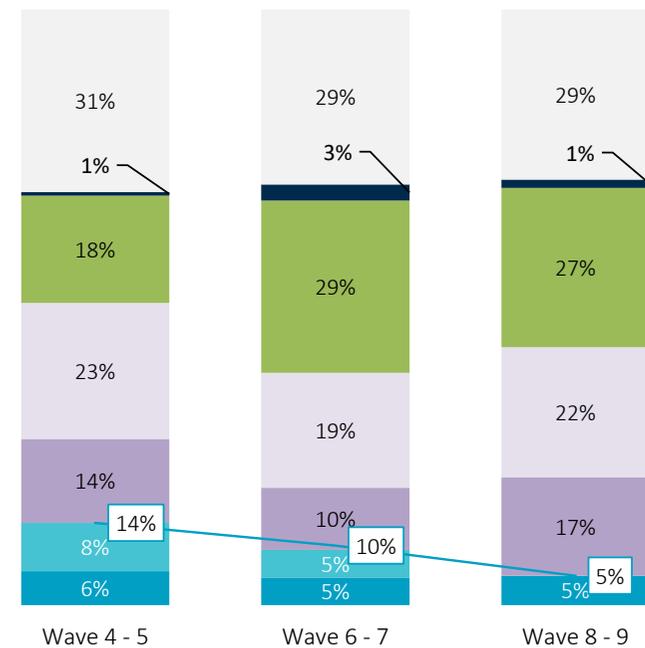
Q

WHEN DO YOU BELIEVE YOUR BUSINESS SALES/REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?

TUVALU



TOTAL PACIFIC ISLANDS



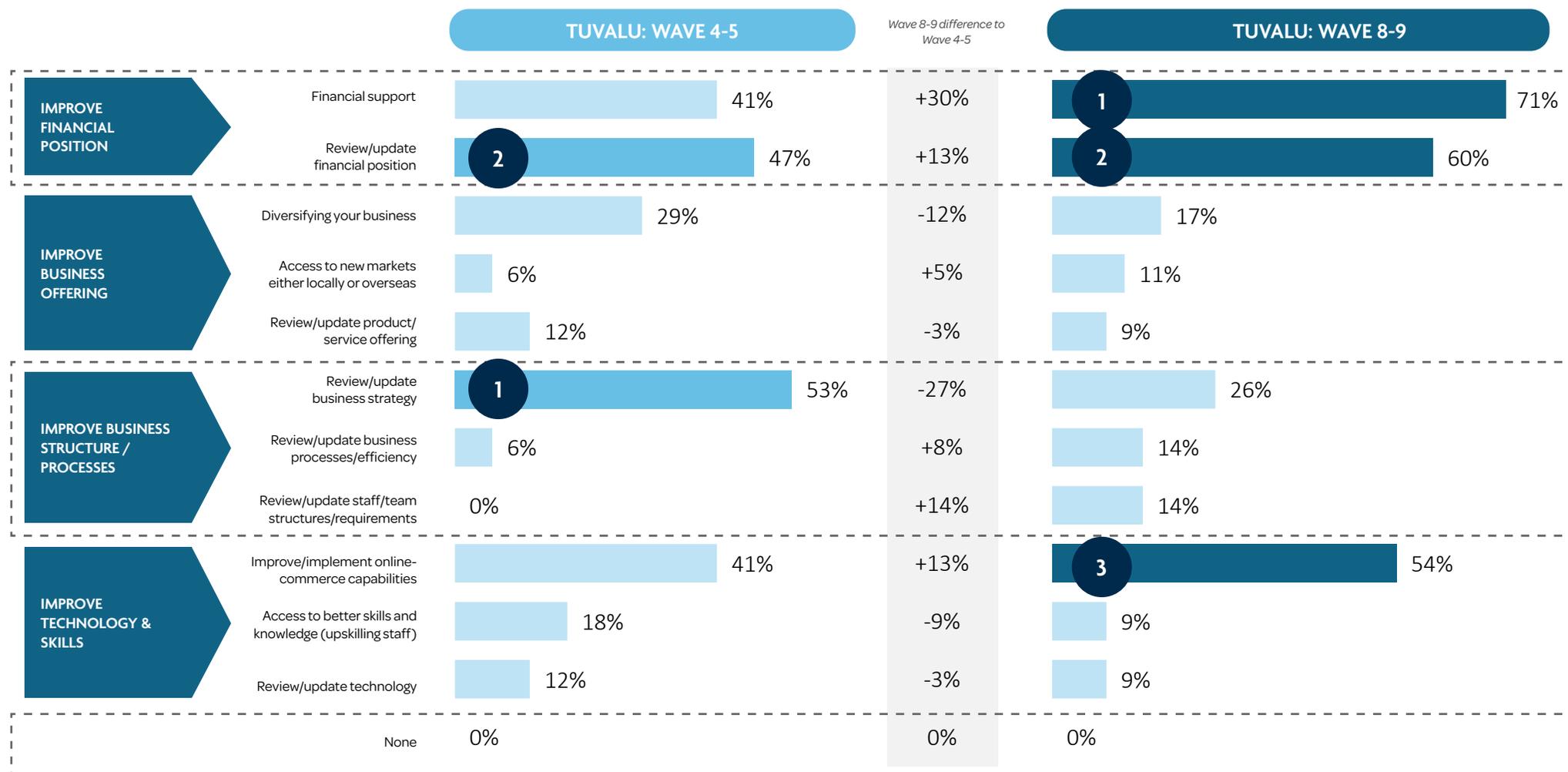
TOTAL RETURNED TO PRE-COVID LEVELS BY END OF 2020

TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

There has been an increased need for financial support, review of financial position and online-commerce capabilities among businesses in Tuvalu towards the end of 2020.

Q

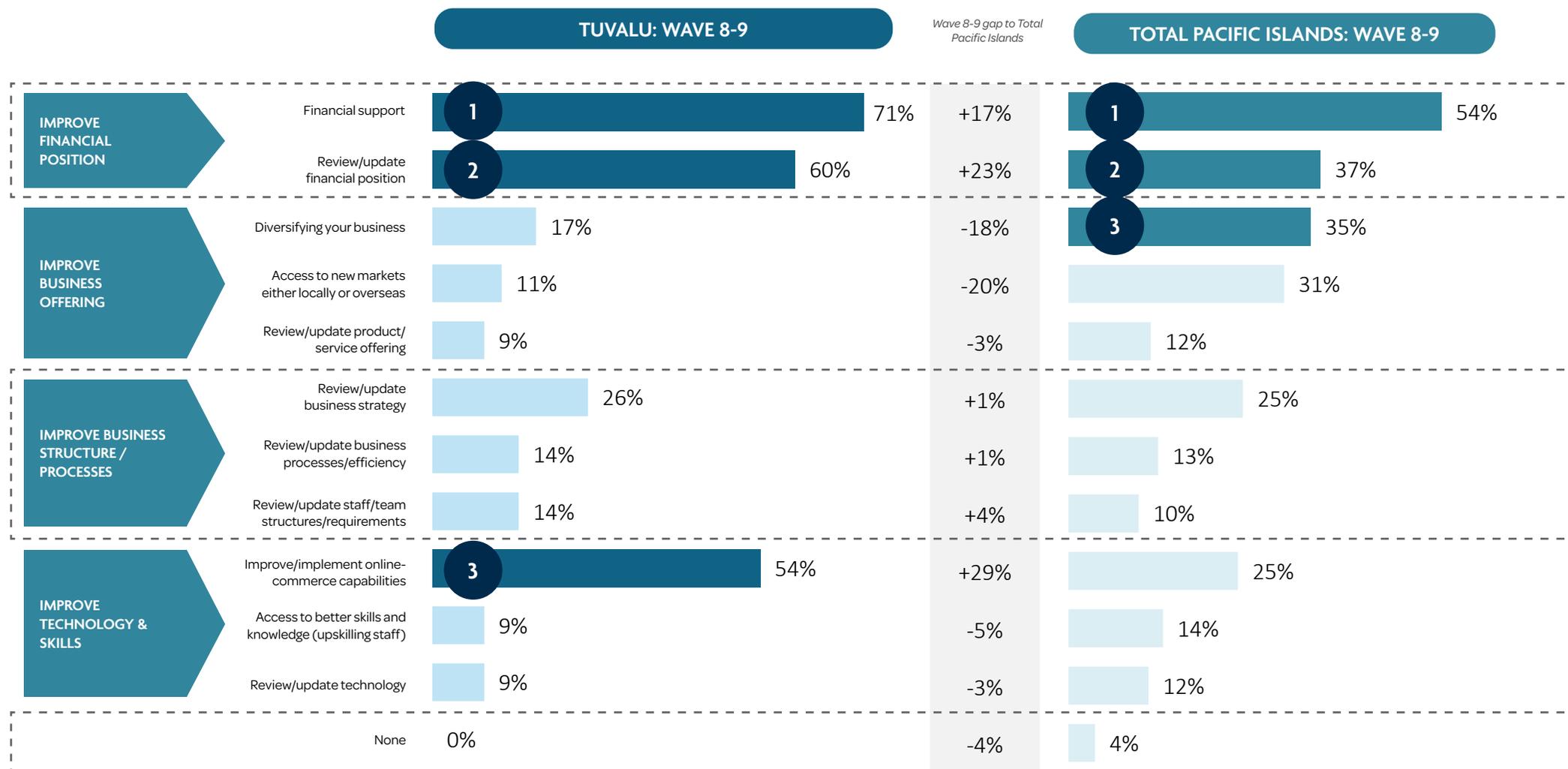
WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?



TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Compared to the rest of the Pacific Islands, Tuvalu businesses are more likely to be looking at implementing online-commerce capabilities but are less likely to be diversifying or looking to expand to new markets.

Q WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?

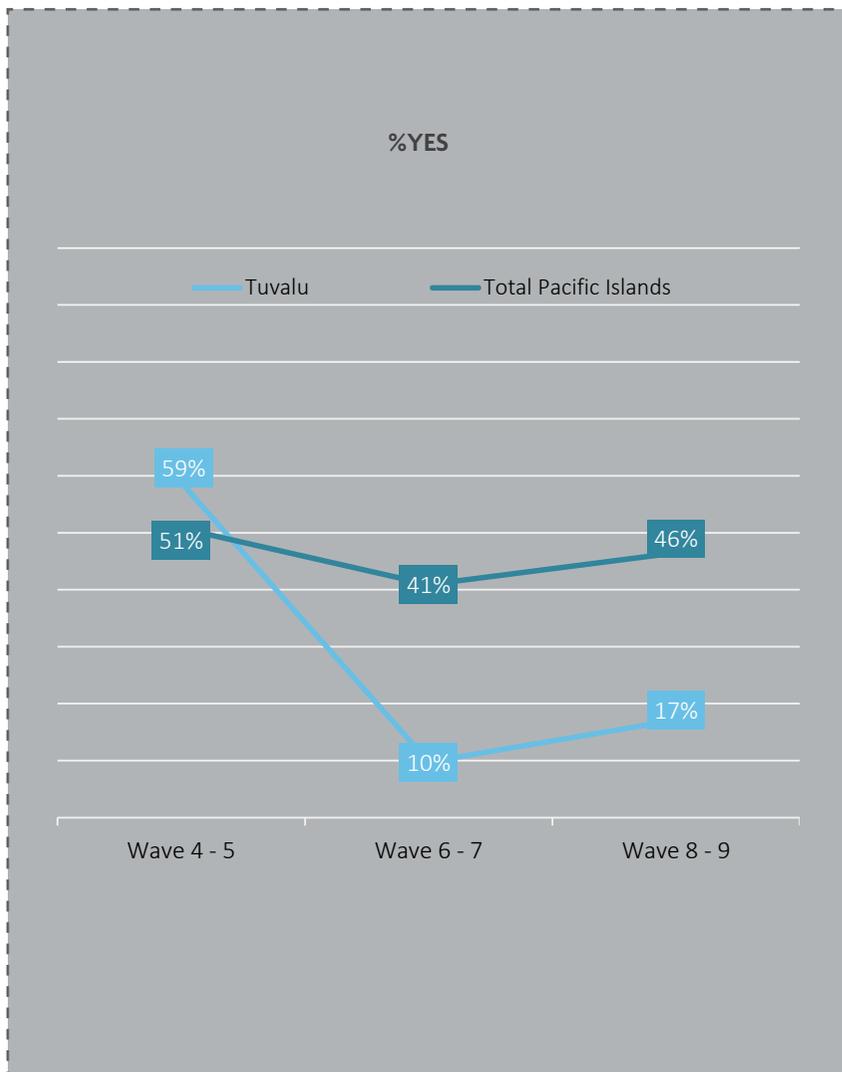


BARRIERS TO ACTIONING INITIATIVES

The proportion of businesses in Tuvalu facing barriers has progressively declined over 2020 and is much lower than the Pacific Islands overall.

Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?



Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

LACK OF FINANCE (N=3)

"Due to lock down we cannot attend training overseas. Financially we cannot receive direct payments due to restrictions and we are losing our customers around the globe."

– *SME, Retail Trade, Tuvalu*

"Lack of funding access."

– *SME, Professional, Scientific & Technical Services, Tuvalu*

"Budget constraints."

– *SME, Administrative & Support Services, Tuvalu*

CLOSED BORDERS/LOCKDOWN (N=5)

"New products are not locally made but are mostly imported, another big issue with borders being closed"

– *SME, Retail Trade, Tuvalu*

"The impacts of lockdown that makes importing of goods difficult."

– *SME, Accommodation, Hospitality & Food Service, Tuvalu*

LACK OF GOVERNMENT SUPPORT (N=9)

"Governmental support through grants or flexibility in loans repayments."

– *SME, Construction, Tuvalu*

"More support needed from Banks and incentives from Government."

– *SME, Information, Media & Telecommunications, Tuvalu*

"Support from private and public sector and minimal expertise in the area of e-commerce."

– *SME, Tourism, Tuvalu*

LACK OF ASSISTANCE FROM BANKS (N=7)

"Technical support, and financial support."

– *SME, Administrative & Support Services, Tuvalu*

"More awareness needed on how to tap into E-commerce."

– *SME, Retail Trade, Tuvalu*

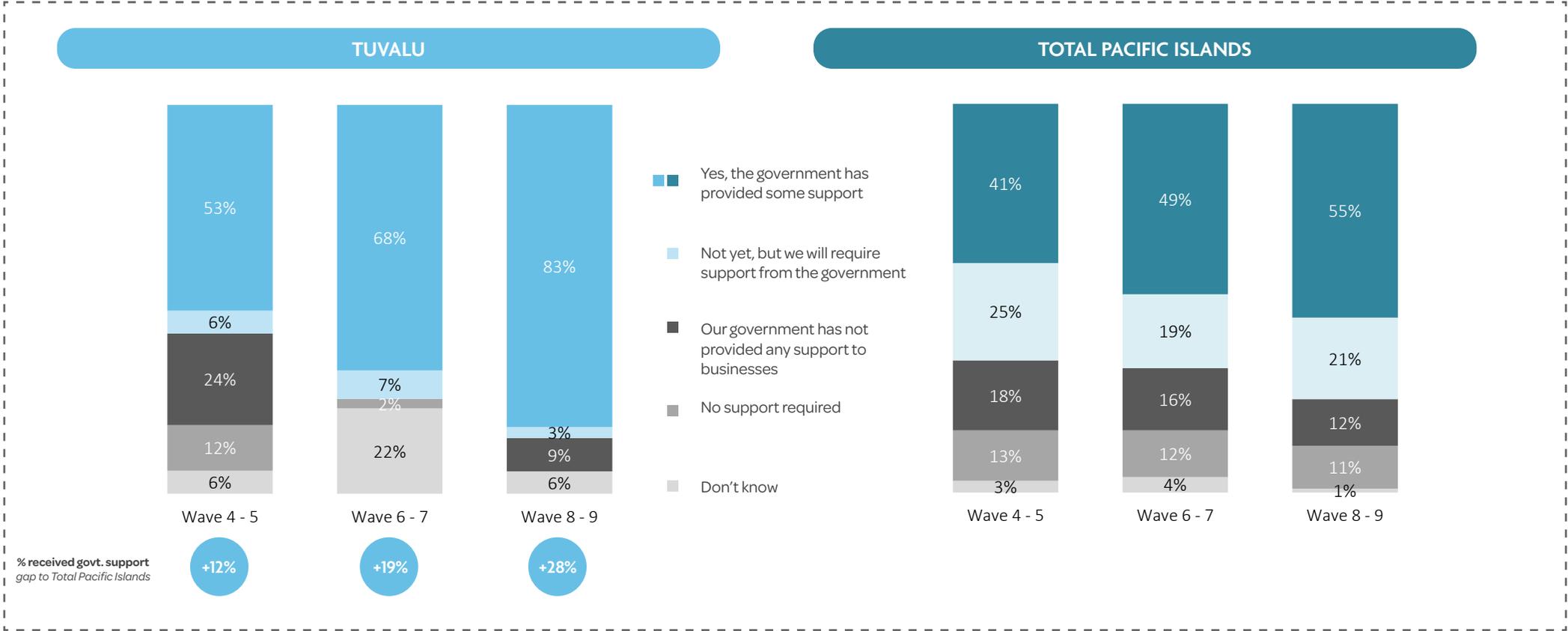
"E-Commerce training and know how."

– *SME, Agriculture, Forestry & Fishing, Tuvalu*

ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

The proportion of businesses reporting that their government has provided support is much higher among businesses in Tuvalu; 83% of businesses in Tuvalu reported receiving support at the end of 2020, compared to 55% across the Pacific Islands.

Q HAS YOUR BUSINESS ACCESSED ANY SUPPORT FROM YOUR GOVERNMENT TO HELP YOU THROUGH THE COVID-19 CRISIS?

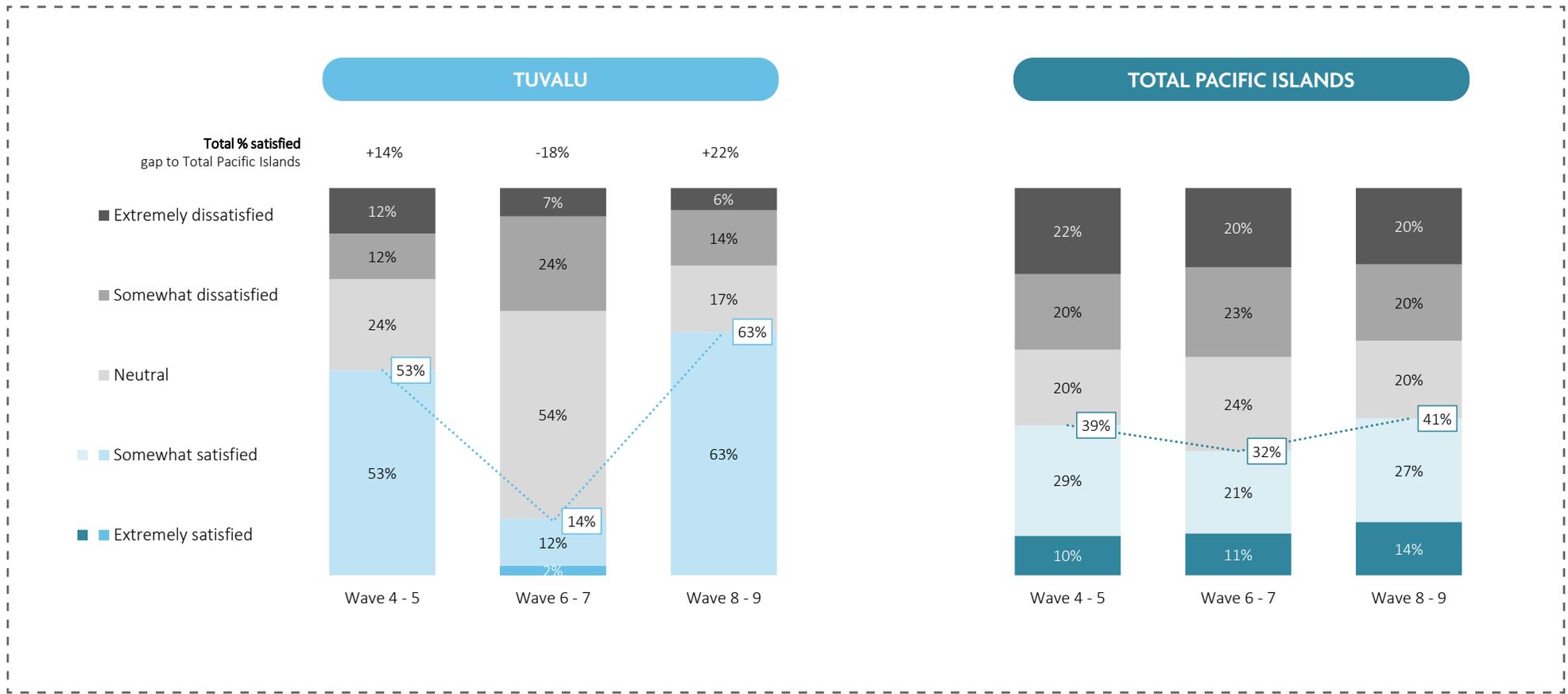


SATISFACTION WITH GOVERNMENT SUPPORT

Although more businesses in Tuvalu have received support, most of these businesses are only somewhat satisfied with the support received from their government.

Q

HOW SATISFIED ARE YOU WITH THE WAY YOUR GOVERNMENT HAS SUPPORTED YOUR BUSINESS THROUGH THE COVID-19 CRISIS?



..... % TOTAL SATISFIED WITH GOVERNMENT RESPONSE

RESEARCH METHODOLOGY



WHO DID WE SPEAK WITH?

MORE THAN

110

COMPLETED
SURVEYS PER WAVE

All respondents are key influencers or decision makers in their business. All businesses are based in the Pacific Islands.

N=97

TOTAL COMPLETED
SURVEYS FROM
TUVALU



HOW DID WE SPEAK WITH THEM?

8

MINUTE

QUANTITATIVE
ONLINE SURVEYS



WHEN DID WE SPEAK WITH THEM?

9

WAVES

IN 2020

Online responses were collected over nine waves between 18 May–13 December 2020.

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, Europe and New Zealand, the PTI Network develops and promotes trade and investment across international markets.

ACKNOWLEDGEMENTS

The PTI Network would like to thank all the Pacific businesses that took part in the Pacific Business Monitor Surveys, and on-the-ground partners for their ongoing support and who shared the surveys through their networks.

DISCLAIMER

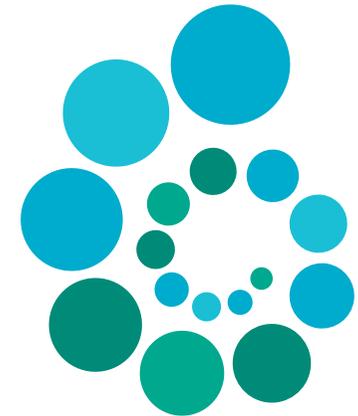
The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 18 May–13 December 2020.

FOR FURTHER INFORMATION

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Pacific Trade Invest



PACIFIC ISLANDS
FORUM SECRETARIAT



fifth
quadrant