

## 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 international 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 14th wave of PTI's Pacific Business Monitor surveys includes responses gathered from 3 to 16 May 2021, from 106 businesses across the Pacific region, including 57 female-led/owned businesses.

This report includes data from the top four 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, Europe 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 remained stable, with 84% reporting a negative impact, which is consistent with last wave.
- 88% of businesses reported a decline in revenue due to COVID-19 (up from 85% last wave).
- 69% are confident that their business will survive the COVID-19 crisis (up from 58% last wave).

## CHALLENGES & SUPPORT NEEDED

- The top three challenges facing businesses as a result of COVID-19 are:
  - » Impact of closed international borders (91%)
  - » Poor cashflow (91%)
  - » Not knowing how long the crisis will last (89%)
- The top four initiatives businesses require assistance with are:
  - » Financial support (57%)
  - » Access to new markets (38%)
  - » Diversify business (36%)
  - » Improve online-commerce capabilities (31%)
- 56% of female-led businesses report having barriers that prevent them actioning initiatives to support their business, compared to 47% of male-led businesses.

## PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on mental health has increased slightly, with 65% reporting a negative impact on their mental health (up from 63% last wave).
- The proportion of businesses reporting a very negative impact on community wellbeing has increased to 40% (up from 36% last wave).

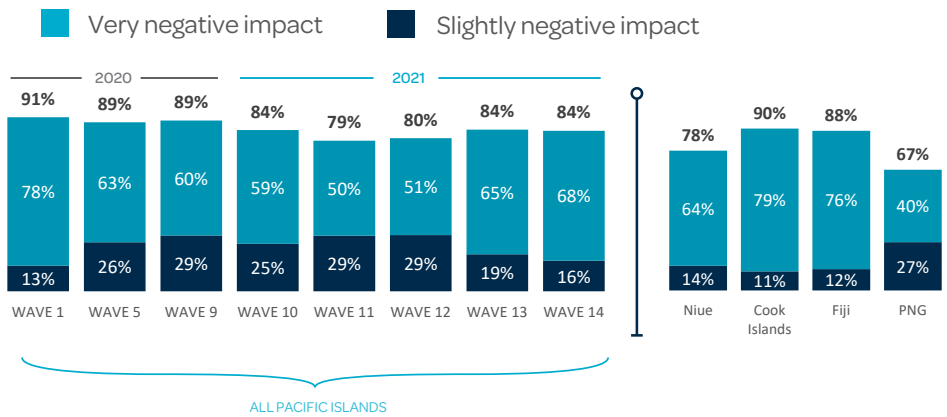
# CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

84%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on businesses overall as borders remain closed. The severity of impact COVID-19 is having on businesses has remained consistent this wave, with 84% reporting a negative impact.

## REPORTED A NEGATIVE IMPACT ON BUSINESS\*

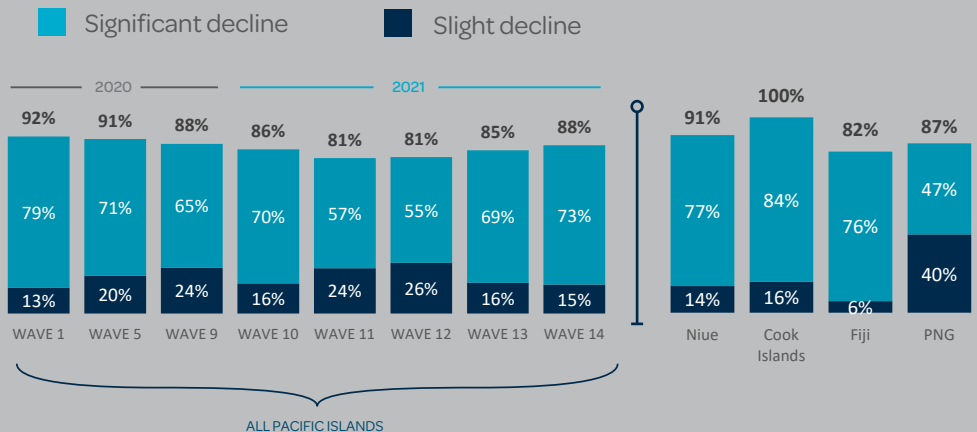


88%

REPORTED A DECLINE IN REVENUE

88% of businesses reported a decline in revenue due to COVID-19 (up from 85% last wave). The severity of revenue impact has also worsened, with 73% reporting a significant decline in revenue (up from 69% last wave).

## REPORTED A DECLINE IN REVENUE\*

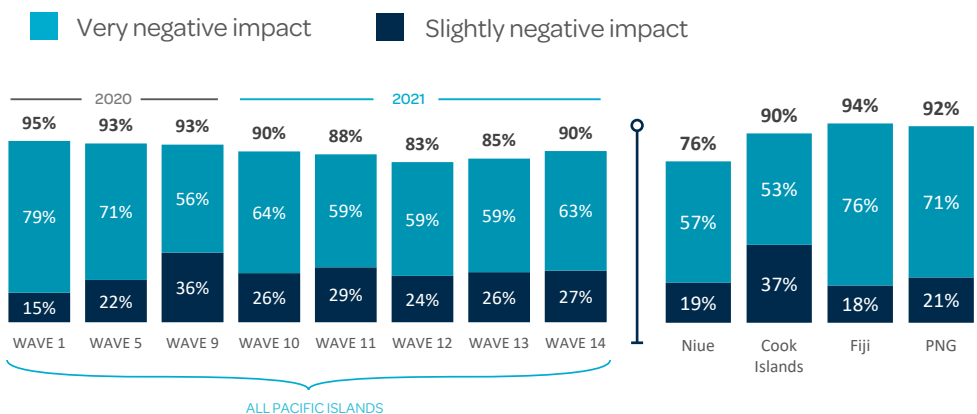


90%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

Negative perceptions of the local economy have also remained high, with 90% reporting a negative impact on the local economy (up from 85% last wave).

## BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY\*



\*Percentages rounded to nearest whole number



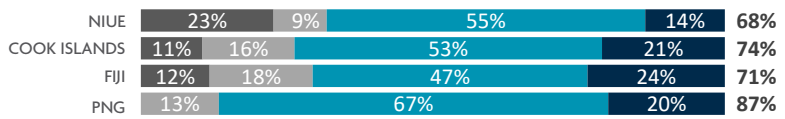
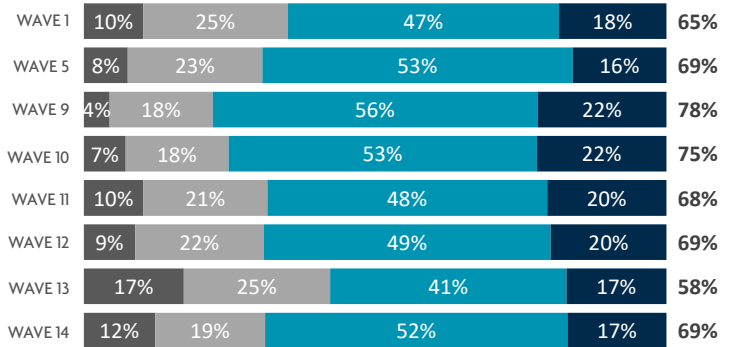
## 69%

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

69% are confident that their business will survive the COVID-19 crisis (up from 58% last wave).

### CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

ALL PACIFIC ISLANDS

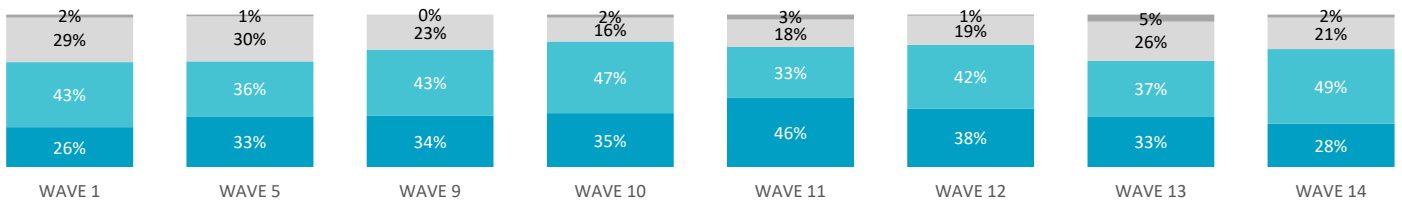


Legend: Not confident at all, Not very confident, Somewhat confident, Very confident



### BUSINESS STATUS

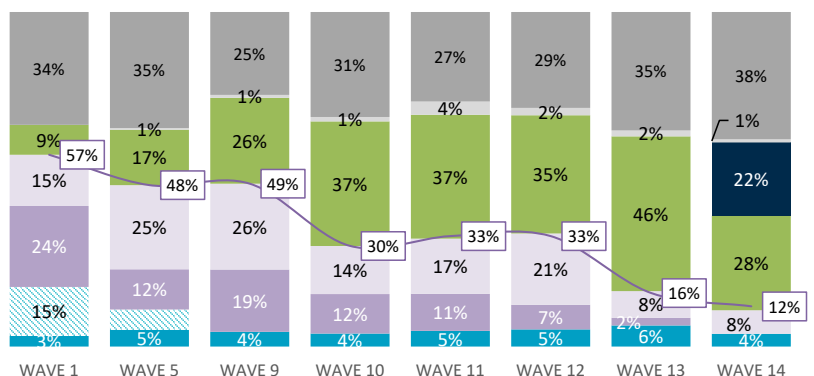
Legend: Permanently closed, Temporarily closed, Partly operational, Operational



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

The road to recovery expectations are shifting back further, with only 12% confident of returning to pre-COVID revenue in 2021 and 50% expecting it in 2022 or later.

Legend: Don't know/ too hard to predict, Never, By 2023 or later, By 2022, By 2nd half of 2021, By 1st half of 2021, By end of 2020, Revenue is at pre-COVID-19 levels



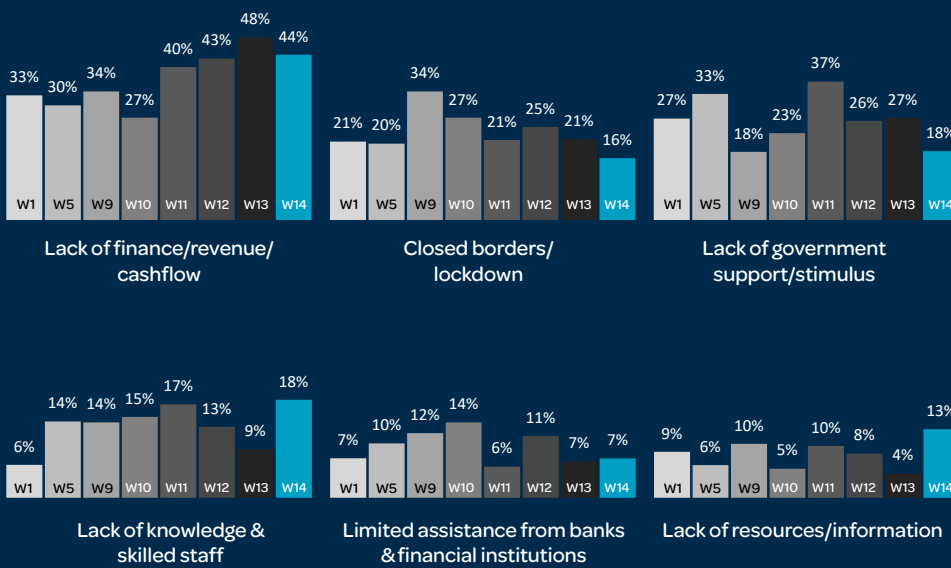
# ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



52%

## BARRIERS TO ACTIONING INITIATIVES

52% reported that there are barriers preventing them from actioning initiatives to support their business (up from 51% last wave).



“Lack of skills in marketing and financial literacy.”

– SME, Retail Trade, PNG

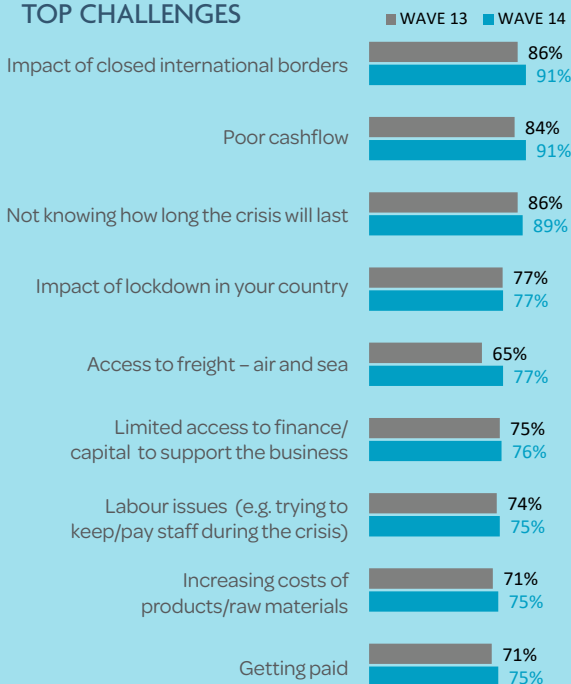
“We are trying to get new products, but shipping and low turnover is a big problem.”

– SME, Accommodation, Hospitality & Food Service, Fiji

“We do not have the staff to carry out the highly skilled part of diversifying, and freight is very expensive.”

– SME, Retail Trade, Cook Islands

### TOP CHALLENGES

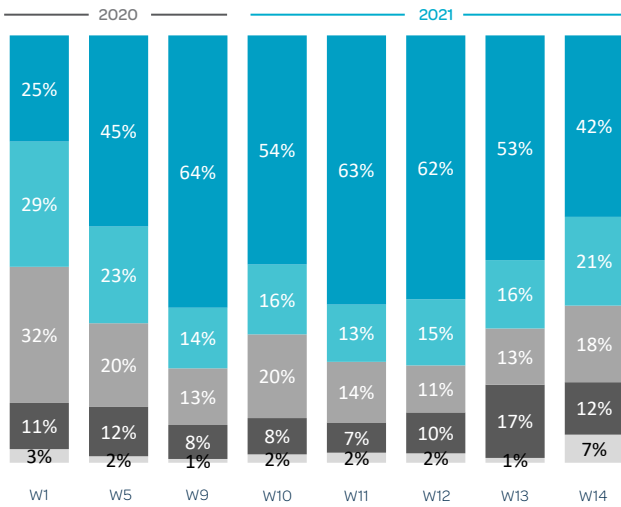


### TOP INITIATIVES NEEDED TO ACTION NOW



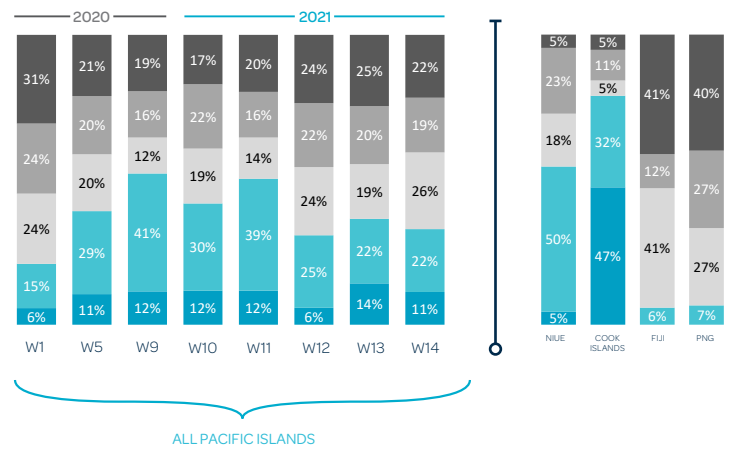
# GOVERNMENT SUPPORT

## 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

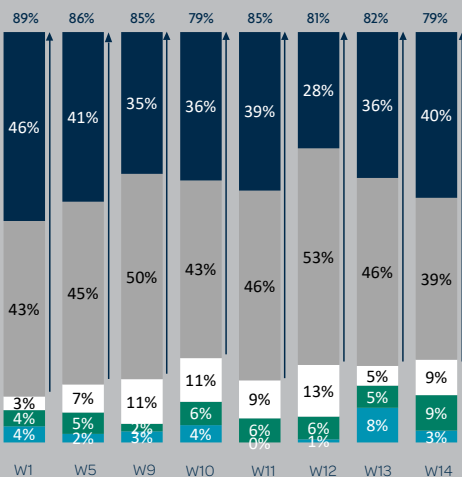
## SATISFACTION WITH GOVERNMENT RESPONSE



Extremely satisfied  
 Somewhat satisfied  
 Extremely dissatisfied  
 Somewhat dissatisfied  
 Neutral

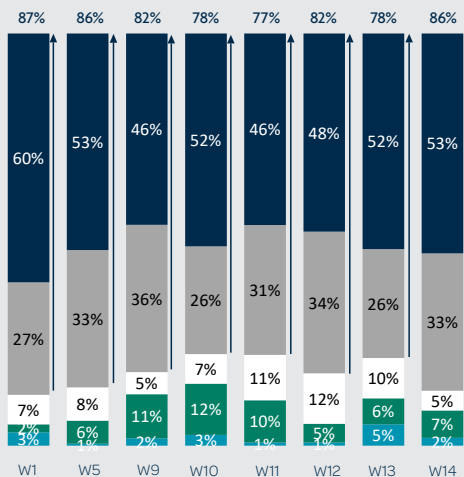
# PERSONAL WELLBEING

## WELLBEING OF THE COMMUNITY



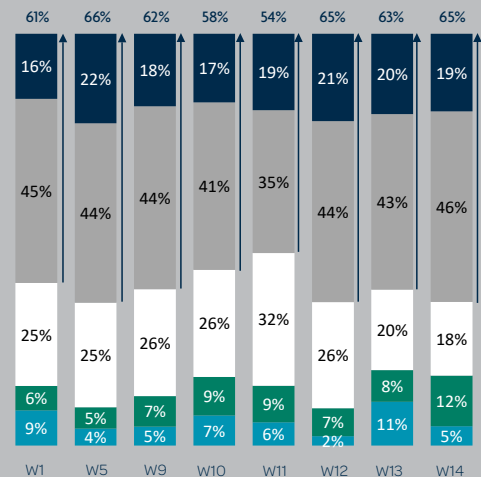
The proportion of businesses reporting a very negative impact on community wellbeing has increased to 40% (up from 36% last wave).

## PERSONAL FINANCIAL SITUATION



The pandemic continues to have a significant impact on business decision-makers' personal financial situation; those reporting a negative impact has decreased to 86% (up from 78% last wave).

## MENTAL HEALTH

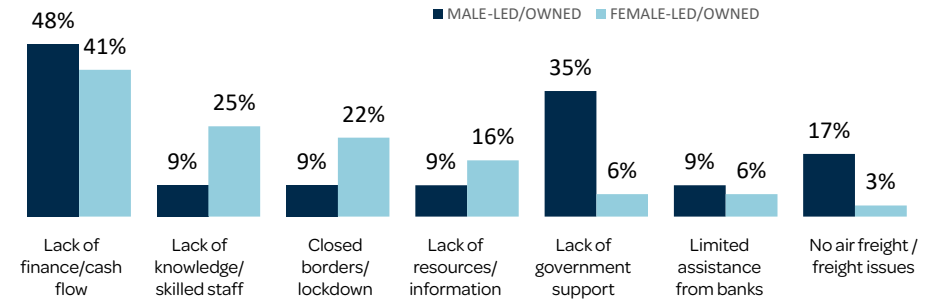
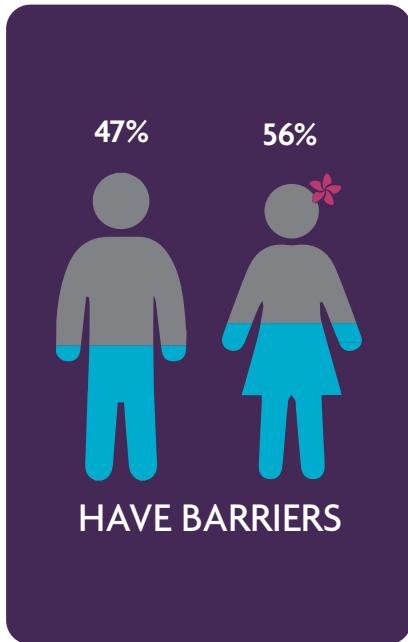


The negative toll on mental health has increased slightly since last wave, with 65% reporting a negative impact (up from 63% last wave).

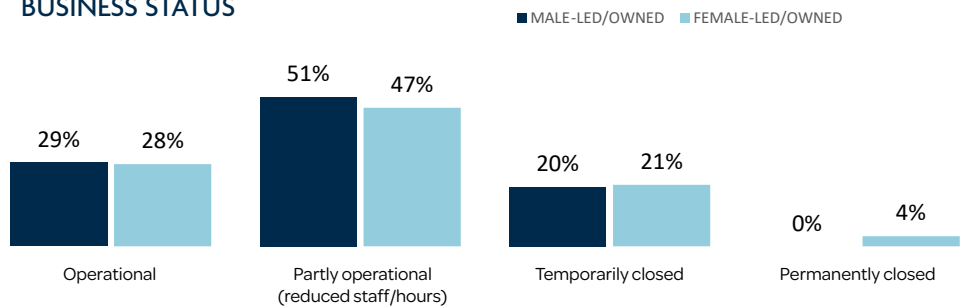
Very negative Slightly negative No impact Slightly positive Very positive

# IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

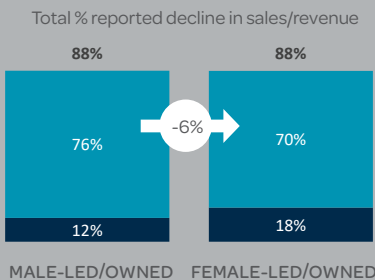
## BARRIERS PREVENTING ACTIONING OF INITIATIVES



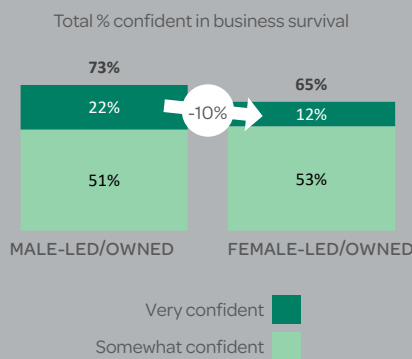
## BUSINESS STATUS



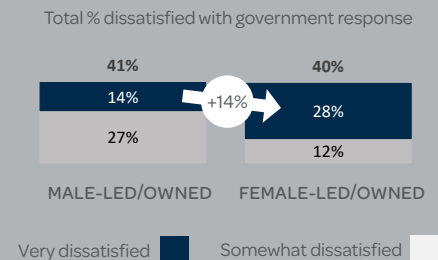
## IMPACT ON BUSINESS REVENUE



## CONFIDENCE IN BUSINESS SURVIVAL



## SATISFACTION WITH GOVERNMENT RESPONSE

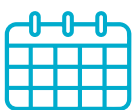


## % have received government support



## METHODOLOGY

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



Responses were collected 3 - 16 May 2021



5-minute questionnaire



All surveys completed online



A wide selection of industry sectors are represented



The information in this report is based on 106 respondents from across the Pacific region



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

### FOR FURTHER INFORMATION



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