

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 15th wave of PTI's Pacific Business Monitor surveys includes responses gathered from 5 to 18 July 2021, from 153 businesses across the Pacific region, including 81 female-led/owned businesses.

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, 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 the last wave.
- 87% of businesses reported a decline in revenue due to COVID-19 (down from 88% last wave).
- 70% are confident that their business will survive the COVID-19 crisis (up from 69% last wave).

CHALLENGES & SUPPORT NEEDED

- The top three challenges facing businesses as a result of COVID-19 are:
 - » Poor cashflow (86%)
 - » Not knowing how long the crisis will last (86%)
 - » Impact of closed international borders (84%)
- The top four initiatives businesses require assistance with are:
 - » Financial support (52%)
 - » Access to new markets (37%)
 - » Review financial position (31%)
 - » Diversify business (29%)
- 64% of female-led businesses report having barriers that prevent them actioning initiatives to support their business, compared to 51% of male-led businesses.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on mental health has decreased slightly, with 53% reporting a negative impact on their mental health (down from 65% last wave).
- The proportion of the businesses reporting a very negative impact on community wellbeing has increased to 41% (up from 40% last wave).

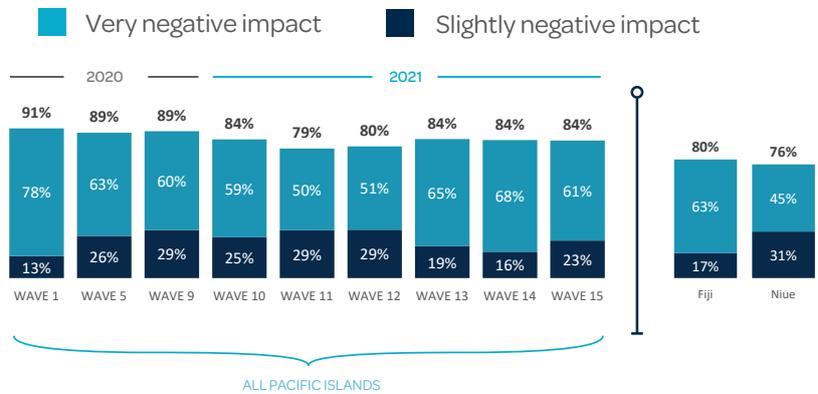
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

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 on businesses has remained consistent this wave, with 84% reporting a negative impact.

REPORTED A NEGATIVE IMPACT ON BUSINESS*

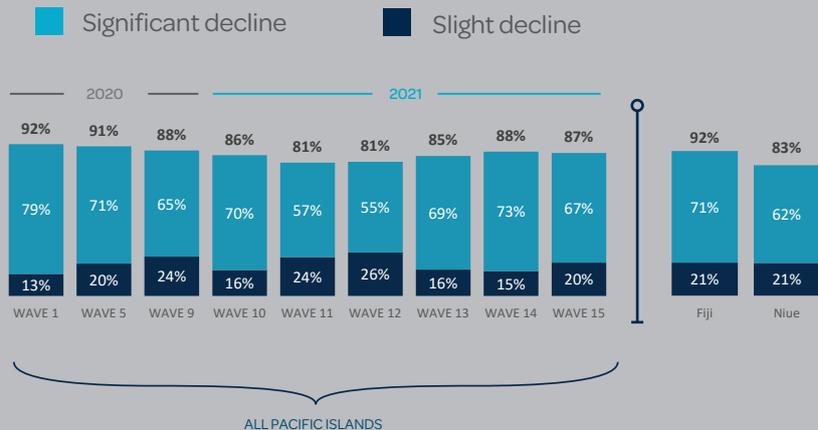


87%

REPORTED A DECLINE IN REVENUE

87% of businesses reported a decline in revenue due to COVID-19 (down from 88% last wave). The severity of revenue impact has also improved, with 67% reporting a significant decline in revenue (down from 73% last wave).

REPORTED A DECLINE IN REVENUE*

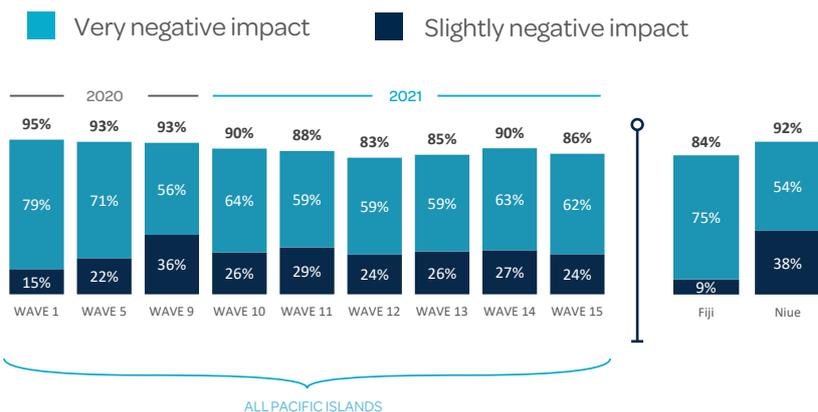


86%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

Negative perceptions of the local economy have decreased, with 86% reporting a negative impact on the local economy (down from 90% last wave).

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



*Percentages rounded to nearest whole number

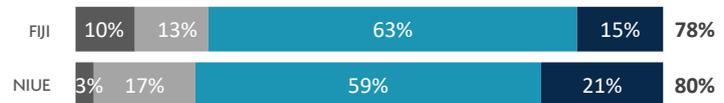
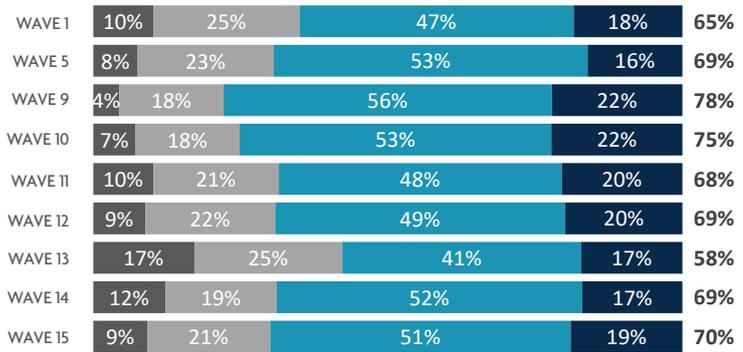
70%

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

70% are confident that their business will survive the COVID-19 crisis (up from 69% last wave).

CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

ALL PACIFIC ISLANDS

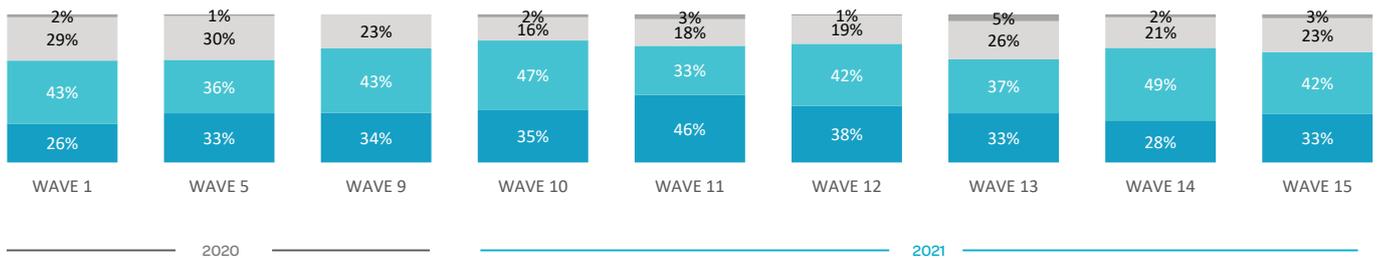


Legend: Not confident at all (dark grey), Not very confident (light grey), Somewhat confident (teal), Very confident (dark blue)



BUSINESS STATUS

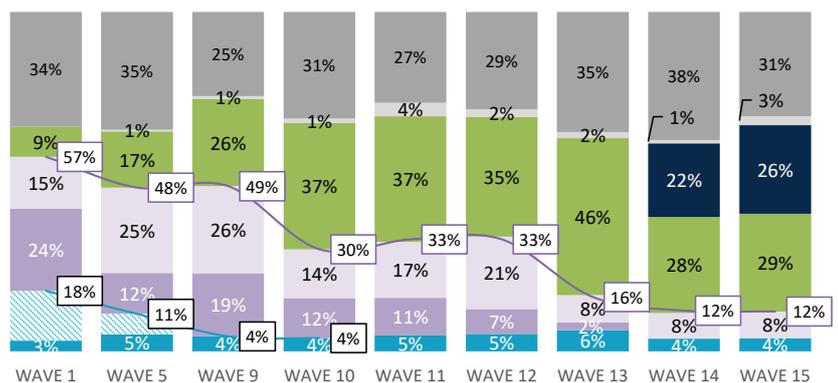
Legend: Permanently closed (dark grey), Temporarily closed (light grey), Partly operational (light teal), Operational (dark teal)



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

The road to recovery continues to lengthen, with 26% of businesses now expecting revenues to return to pre-COVID-19 levels in 2023 or later (up from 22% last wave).

Legend: Don't know/ too hard to predict (dark grey), Never (light grey), By 2023 or later (dark blue), By 2022 (green), By 2nd half of 2021 (light purple), By 1st half of 2021 (medium purple), By end of 2020 (hatched), Revenue is at pre-COVID-19 levels (dark teal)



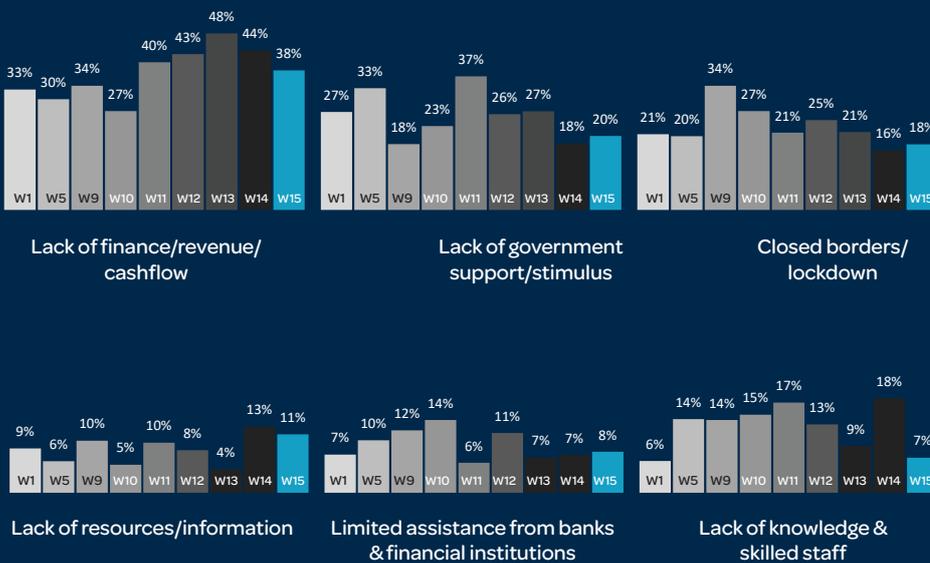
ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



58%

BARRIERS TO ACTIONING INITIATIVES

58% reported that there are barriers preventing them from actioning initiatives to support their business (up from 52% last wave)

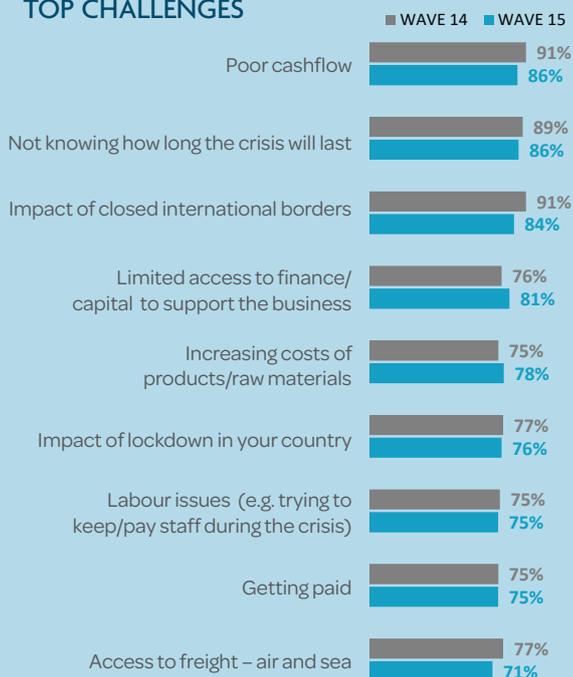


“Delays and cost of supplies from overseas suppliers for our manufacturing industry.”
– **Manufacturing, New Caledonia**

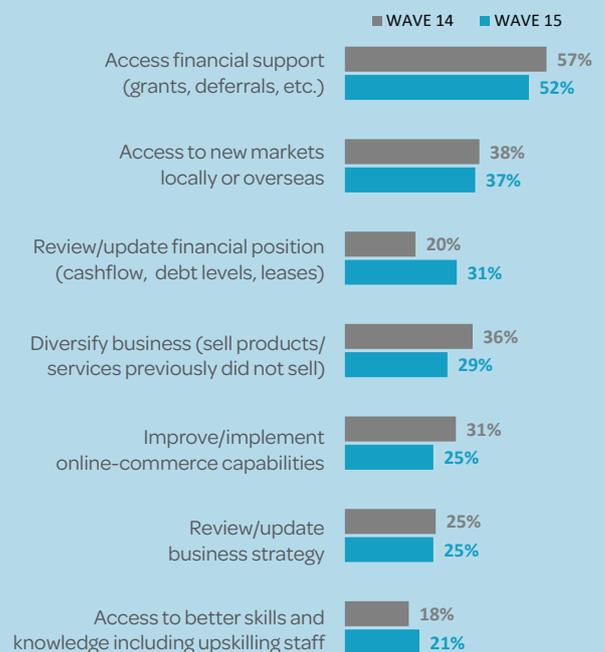
“Government’s lack of long-term vision and commitment toward the private sector during these difficult times.”
– **Rental, Hiring & Real Estate Services, Niue**

“Business closure due to closed international borders and the unknown length of time for this wave of COVID to shut down everything. We need access to finance to rebuild, retrain and improve prior to re-opening.”
– **Accommodation, Hospitality & Food Service, Fiji**

TOP CHALLENGES

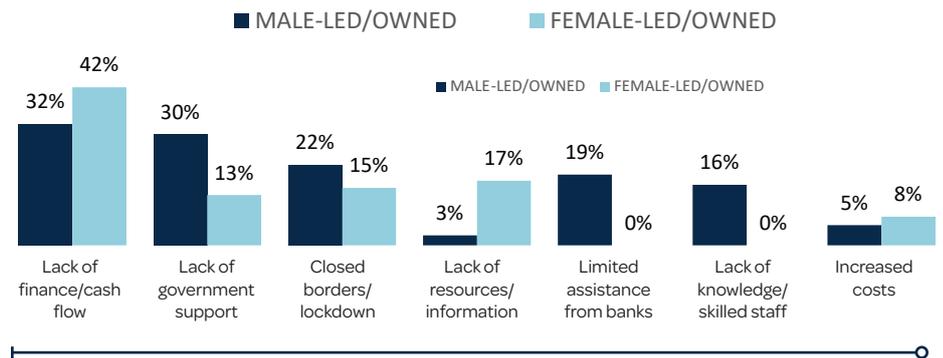


TOP INITIATIVES NEEDED TO ACTION NOW

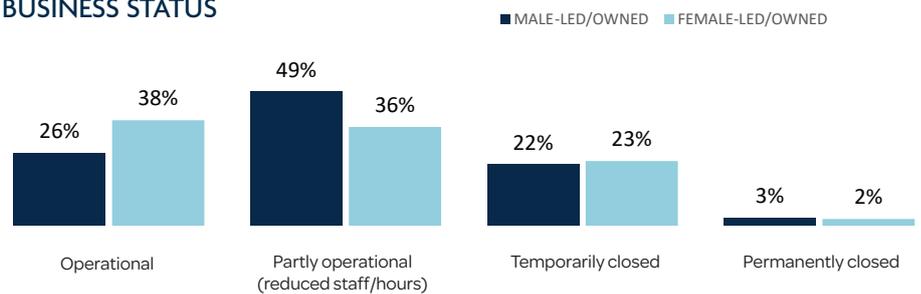


IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

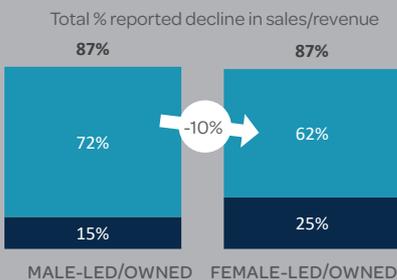
BARRIERS PREVENTING ACTIONING OF INITIATIVES



BUSINESS STATUS

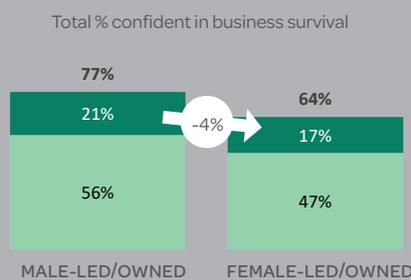


IMPACT ON BUSINESS REVENUE



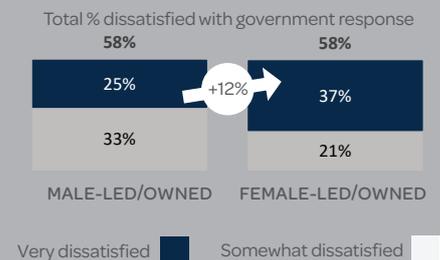
Significant decline in sales/revenue ■
Slight decline in sales/revenue ■

CONFIDENCE IN BUSINESS SURVIVAL



Very confident ■
Somewhat confident ■

SATISFACTION WITH GOVERNMENT RESPONSE



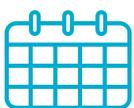
Very dissatisfied ■ Somewhat dissatisfied ■

% have received government support



METHODOLOGY

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



Responses were collected 5-18 July 2021



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 153 respondents from across the Pacific region

FOR FURTHER INFORMATION



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