

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 16th wave of PTI's Pacific Business Monitor surveys includes responses gathered from 6 to 20 September 2021, from 103 businesses across the Pacific region, including 56 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 has been a long road 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 decreased, with 72% reporting a negative impact (down from 84% last wave), the lowest since tracking began.
- 72% of businesses reported a decline in revenue due to COVID-19 (down from 87% last wave), the lowest since tracking began.
- 85% are confident that their business will survive the COVID-19 crisis (up from 70% last wave), the highest since tracking began.

CHALLENGES & SUPPORT NEEDED

- The top three challenges facing businesses as a result of COVID-19 are:
 - » Not knowing how long the crisis will last (86%)
 - » Impact of closed international borders (85%)
 - » Poor cashflow (80%)
- The top four initiatives businesses require assistance with are:
 - » Financial support (53%)
 - » Diversify business (34%)
 - » Online commerce capabilities (32%)
 - » Access to new markets (28%)
- 57% of female-led businesses report having barriers that prevent them actioning initiatives to support their business, compared to 28% of male-led businesses.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on mental health has decreased, with 46% reporting a negative impact on their mental health (down from 53% last wave), the lowest since tracking began.
- The proportion of businesses reporting a very negative impact on community wellbeing has decreased to 24% (down from 41% last wave), the lowest since tracking began.

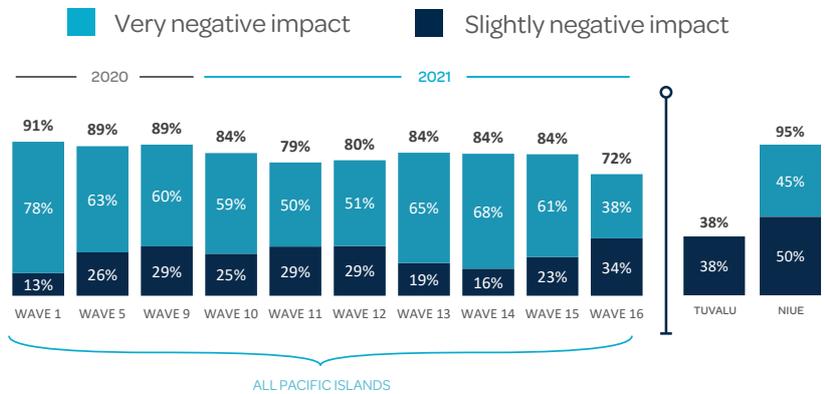
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

72%

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 improved this wave, with 72% reporting a negative impact, the lowest since tracking began.

REPORTED A NEGATIVE IMPACT ON BUSINESS*

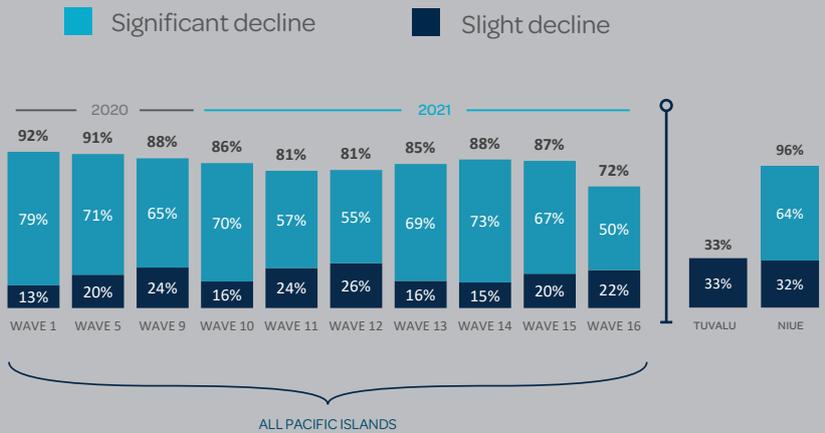


72%

REPORTED A DECLINE IN REVENUE

72% of businesses reported a decline in revenue due to COVID-19 (down from 87% last wave). The severity of revenue impact has also improved, with 50% reporting a significant decline in revenue (down from 67% last wave). These figures are both the lowest since tracking began.

REPORTED A DECLINE IN REVENUE*

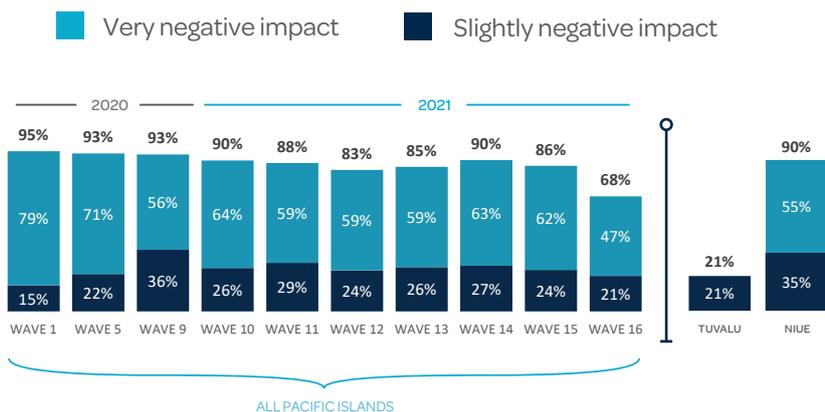


68%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

Negative perceptions of the local economy have decreased, with 68% reporting a negative impact on the local economy (down from 86% last wave), the lowest since tracking began.

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



*Percentages rounded to nearest whole number

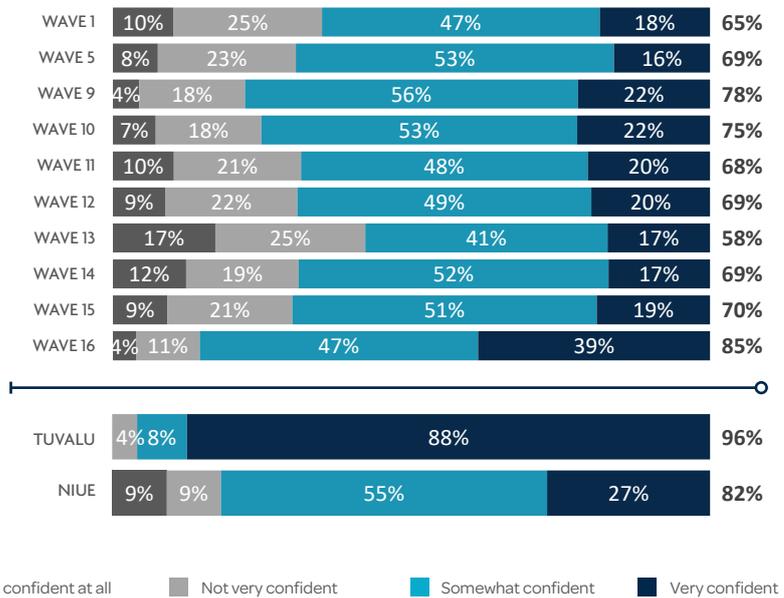
85%

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

85% are confident that their business will survive the COVID-19 crisis (up from 70% last wave), the highest since tracking began.

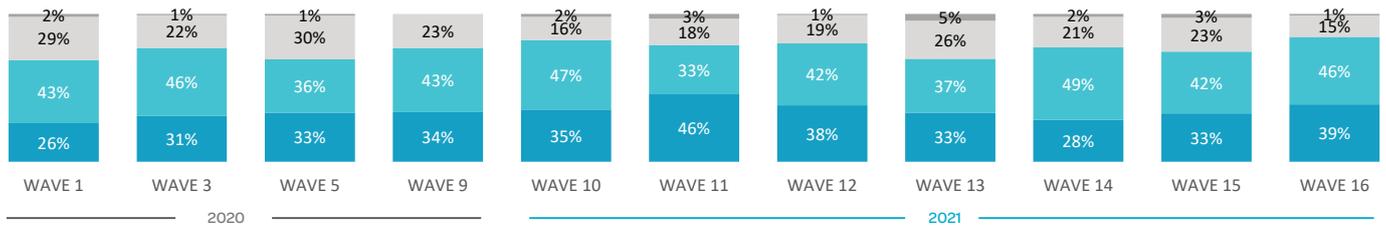
CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

ALL PACIFIC ISLANDS



BUSINESS STATUS

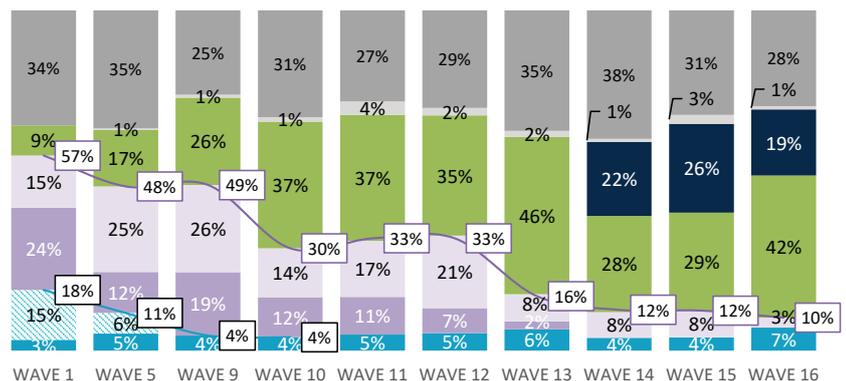
Permanently closed, Temporarily closed, Partly operational, Operational



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

The road to recovery has begun to shorten, with 52% of businesses now expecting revenues to return by 2022 (up from 41% last wave).

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

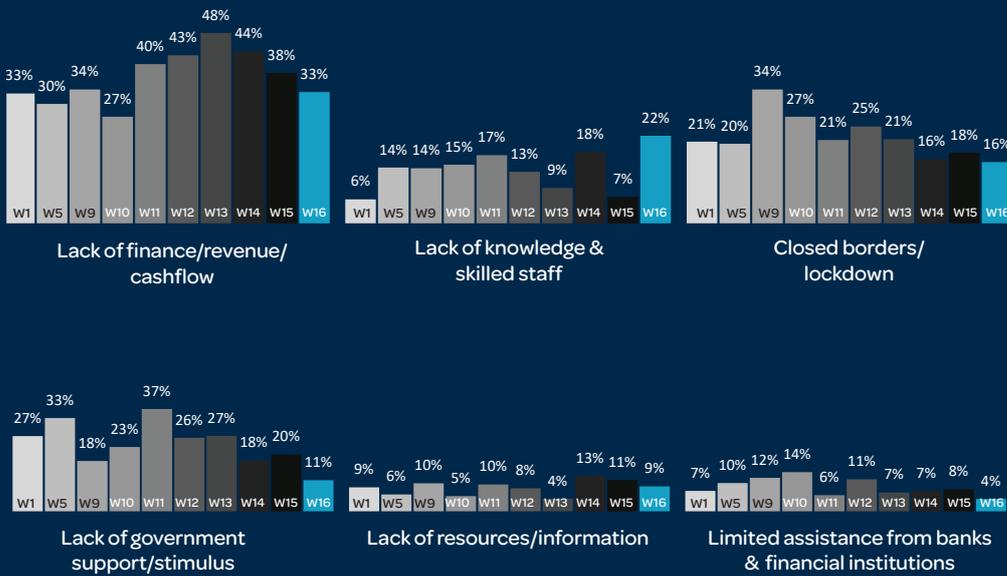


ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



44% BARRIERS TO ACTIONING INITIATIVES

44% reported that there are barriers preventing them from actioning initiatives to support their business (down from 58% last wave).



“Not knowing what grants are available, or as a new business, how to apply for the grants.”

– SME, Accommodation, Hospitality & Food Services, Niue

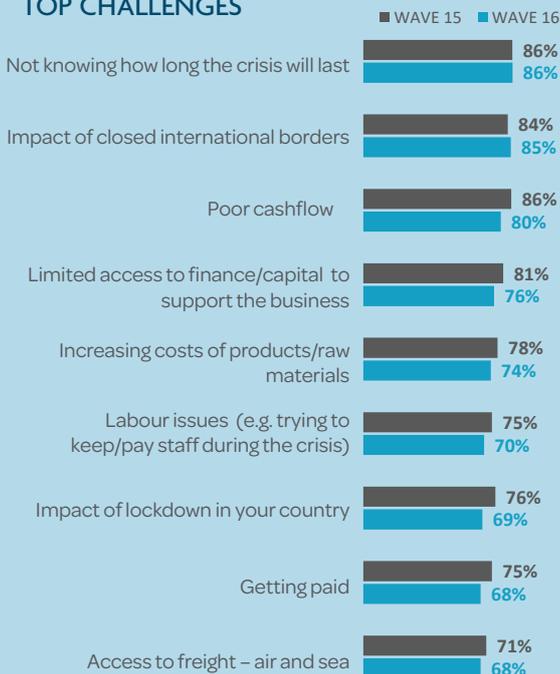
“Not being able to bring in skilled people in specialised areas to train our staff. Limited access to expertise.”

– SME, Retail Trade, Nauru

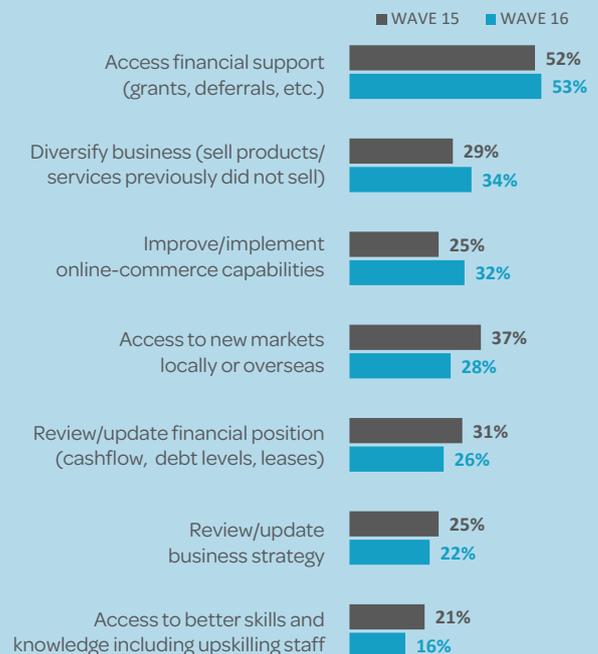
“All businesses are challenged. Diversifying impedes on another business. We are all small and it takes a lot of collaboration.”

– SME, Accommodation, Hospitality & Food Services, Niue

TOP CHALLENGES

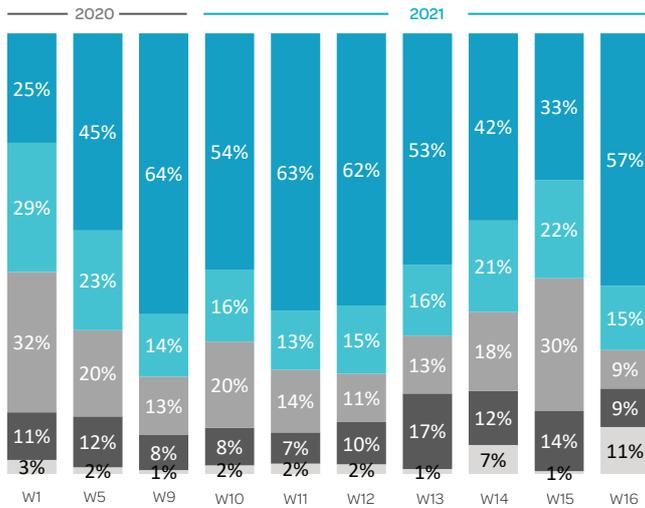


TOP INITIATIVES NEEDED TO ACTION NOW



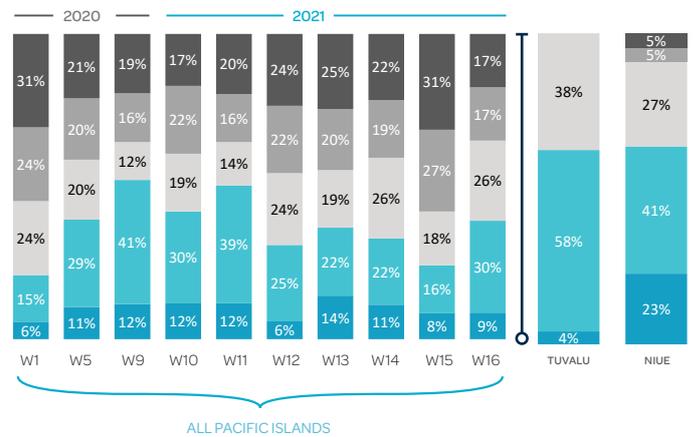
GOVERNMENT SUPPORT

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

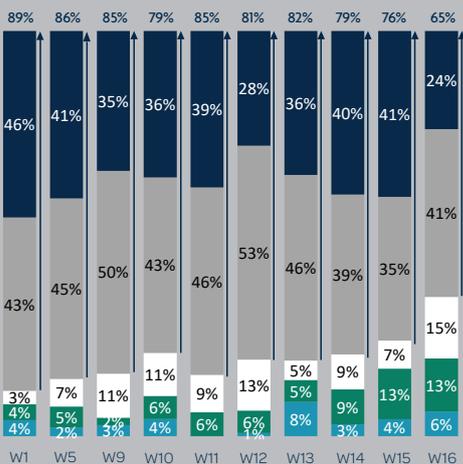
SATISFACTION WITH GOVERNMENT RESPONSE



Extremely satisfied
 Somewhat satisfied
 Extremely dissatisfied
 Somewhat dissatisfied
 Neutral

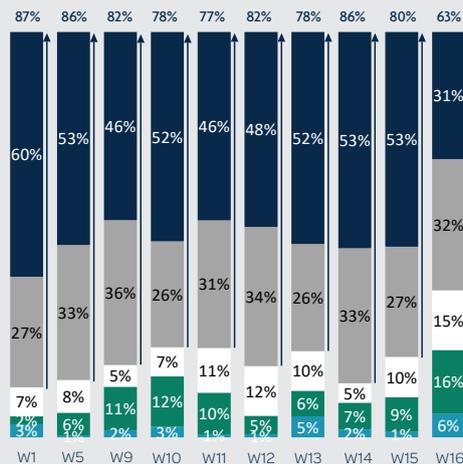
PERSONAL WELLBEING

WELLBEING OF THE COMMUNITY



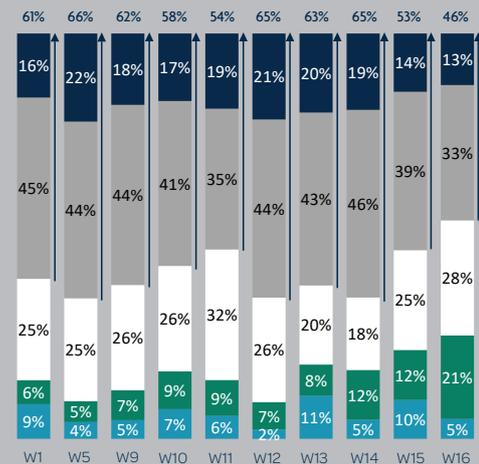
The proportion of businesses reporting a very negative impact on community wellbeing has decreased to 24% (down from 41% last wave), the lowest since tracking began.

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 63% (down from 80% last wave), the lowest since tracking began.

MENTAL HEALTH

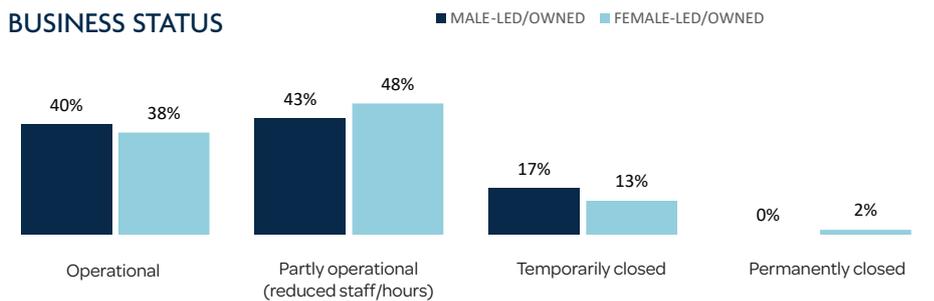
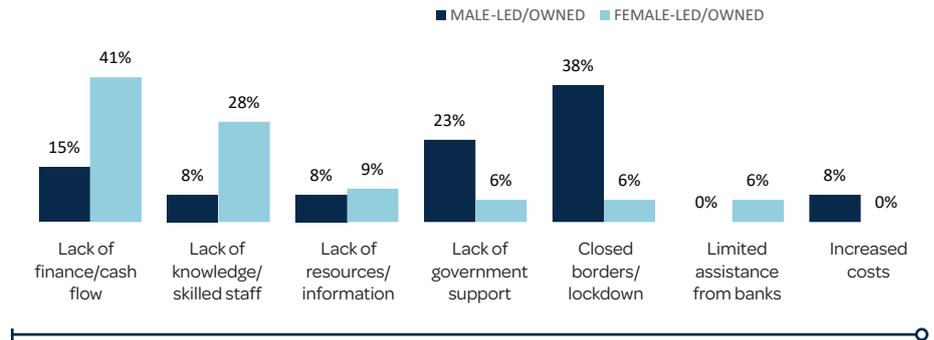


The negative toll on mental health has decreased since last wave, with 46% reporting a negative impact (down from 53% last wave), the lowest since tracking began.

Very negative Slightly negative No impact Slightly positive Very positive

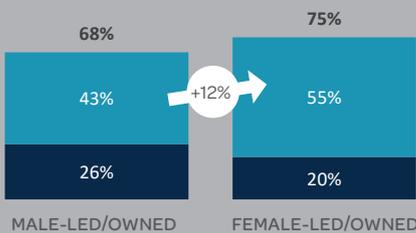
IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

BARRIERS PREVENTING ACTIONING OF INITIATIVES



IMPACT ON BUSINESS REVENUE

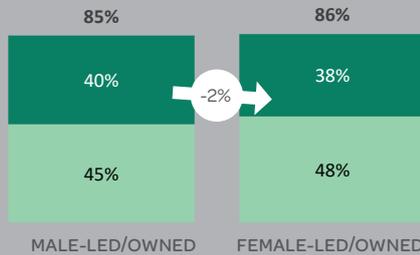
Total % reported decline in sales/revenue



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

CONFIDENCE IN BUSINESS SURVIVAL

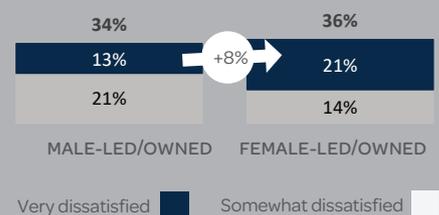
Total % confident in business survival



Very confident
Somewhat confident

SATISFACTION WITH GOVERNMENT RESPONSE

Total % dissatisfied with government response



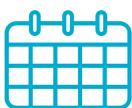
Very dissatisfied
Somewhat dissatisfied

% have received government support



METHODOLOGY

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



Responses were collected 6-20 September 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 103 respondents from across the Pacific region

FOR FURTHER INFORMATION



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