

INTRODUCTION

The COVID-19 outbreak has caused a global health emergency and a global economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region. Travel bans and restrictions on gatherings have particularly affected businesses in the Pacific, with tourism playing a major role in local economies.

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 fourth wave of PTI's "Pacific Business Monitor" surveys includes responses gathered from 29 June -12 July 2020 from 134 businesses across the Pacific Islands.

This report includes data from the top three Pacific countries that provided responses, giving insights 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

- 72% of respondents are confident their business will survive COVID-19, a slight decrease from 74% in the last survey.
- More businesses are expecting to return to business-as-usual revenue this year (18%, an increase from 15% in Survey 3). There is still uncertainty in the market, with a quarter of businesses responding that they are unsure when revenue will return to pre-COVID-19 levels.
- COVID-19 continues to have a negative impact on businesses in the Pacific. The level of impact is similar to Surveys 2 and 3, with just under two-thirds reporting a very negative impact.
- The proportion of businesses reporting a decline in revenue due to COVID-19 remains high and in line with previous at 88%.
- 35% of businesses reported that they have temporarily closed their business, a steady increase from 19% in Survey 2 and 22% in Survey 3.

CHALLENGES & SUPPORT NEEDED

- The top three challenges as a result of COVID-19 remain unchanged:
 - » Not knowing how long the crisis will last (93%).
 - » Impact of closed international borders (90%).
 - » Poor cash flow (89%).
- The top two initiatives businesses require assistance with are financial support (57%, an increase from 49% in Survey 3) and assistance diversifying their business (33%).

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- 83% reported that they had felt worried over the last two weeks – in line with Survey 3 (82%).
- The number of people reporting they felt optimistic over the last two weeks increased to 85% from 79% in Survey 3.
- 80% of businesses reported that COVID-19 is having a negative impact on their communities' well-being, a slow and steady decline from 89% in Survey 1.

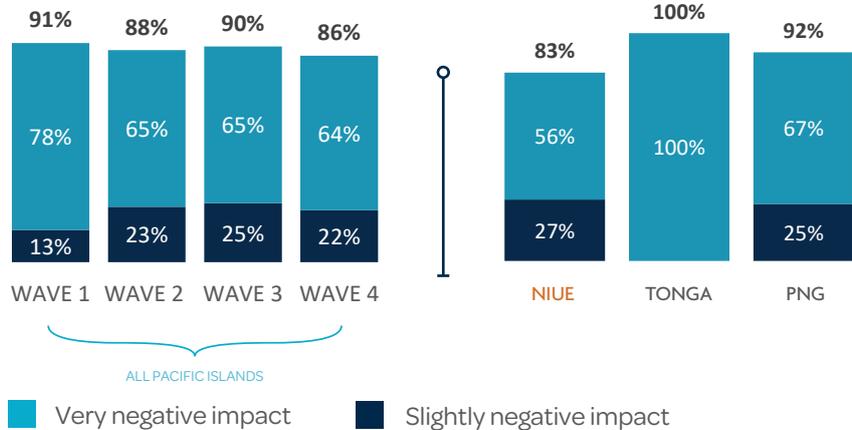
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

86%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on businesses as borders remain closed. The level of impact COVID-19 is having on businesses is on par with the last two waves, with just under two-thirds reporting a very negative impact.

TOTAL % REPORTED NEGATIVE IMPACT ON BUSINESS*

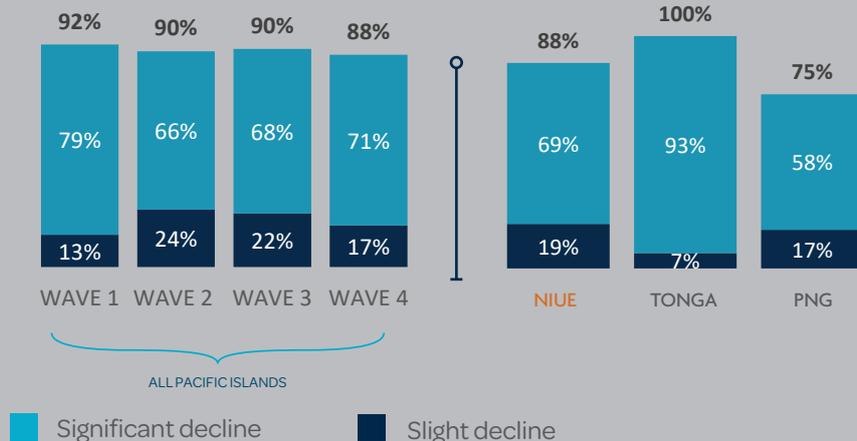


88%

REPORTED A DECLINE IN REVENUE

In line with previous waves, over two-thirds of businesses continue to report a significant decline in revenue due to COVID-19.

TOTAL % REPORTED A DECLINE IN REVENUE*

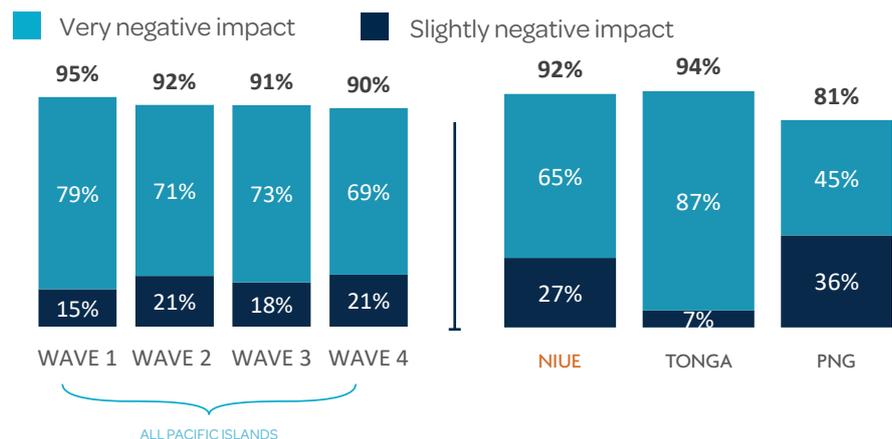


90%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

As negative impact on business and revenue has remained steady this wave, perception of the local economy remains relatively steady as well, with 90% continuing to report a negative impact on the local economy.

TOTAL % BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



*Percentages rounded to nearest whole number

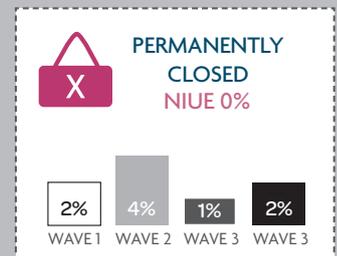
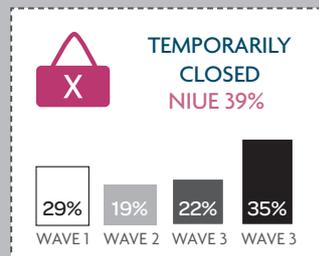
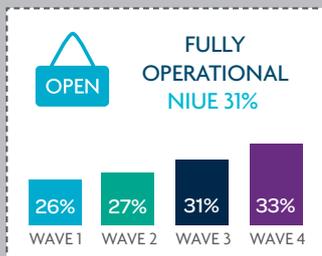


72%
75% NIUE

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

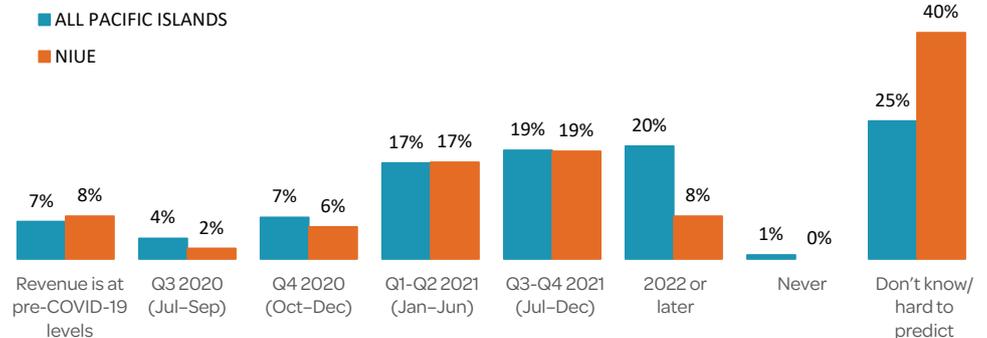
72% (75% Niue) are confident that their business will survive the COVID-19 crisis (down from 74% last wave).

CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

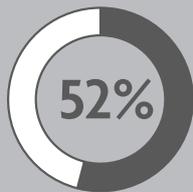
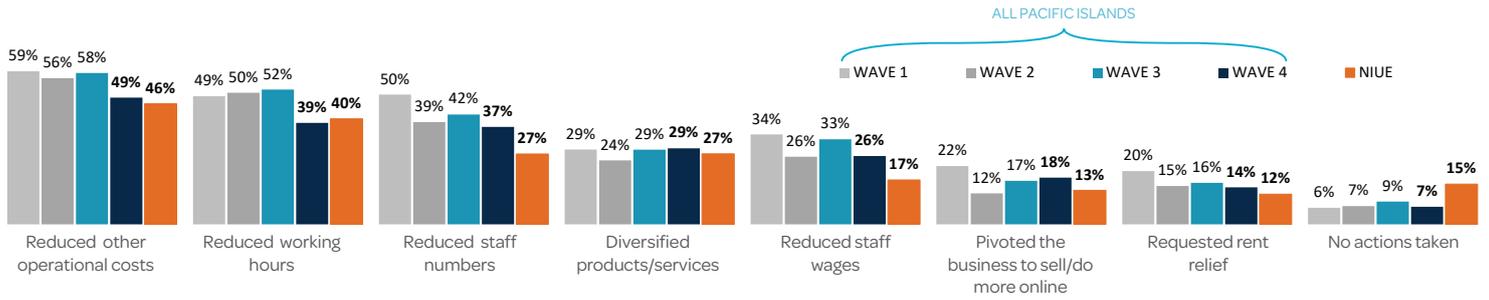


Positively, more businesses are expecting to return to business as usual revenue this year. However, one-quarter are still not sure (25% vs. 17% last wave), indicating there is still uncertainty in the market.

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

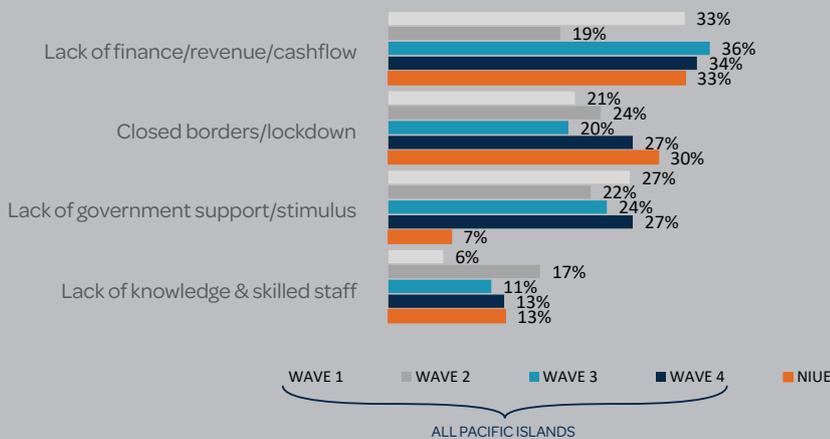


ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



BARRIERS TO ACTIONING INITIATIVES

52% (58% Niue) reported that there are barriers preventing them from actioning initiatives to support their business, down from 56% last wave.



"Due to the nature of business operation relying 100% on tourism, the uncertainty and lack of information, changing rules, are the major barrier of planning in future operation."

– SME, Tourism, Niue

"The Government's response to Covid-19 has yet to be felt or implemented. Despite talks of Covid-19 Assistance, we have not really seen the types of assistance. IRC Tax incentives have not happened, Govt subsidies have not happened but we have to remain neutral and await Govt response."

– SME, Agriculture, Forestry & Fishing, PNG

TOP 4 CHALLENGES

93%

94% NIUE

NOT KNOWING HOW LONG THE CRISIS WILL LAST
93% last wave

90%

83% NIUE

IMPACT OF CLOSED INTERNATIONAL BORDERS
90% last wave

89%

87% NIUE

POOR CASHFLOW
90% last wave

81%

69% NIUE

IMPACT OF LOCKDOWN IN YOUR COUNTRY
84% last wave

TOP 4 INITIATIVES NEEDED TO ACTION NOW

57%

58% NIUE

NEED FINANCIAL SUPPORT
49% last wave

33%

27% NIUE

DIVERSIFY BUSINESS
30% last wave

31%

25% NIUE

REVIEW/UPDATE FINANCIAL POSITION
31% last wave

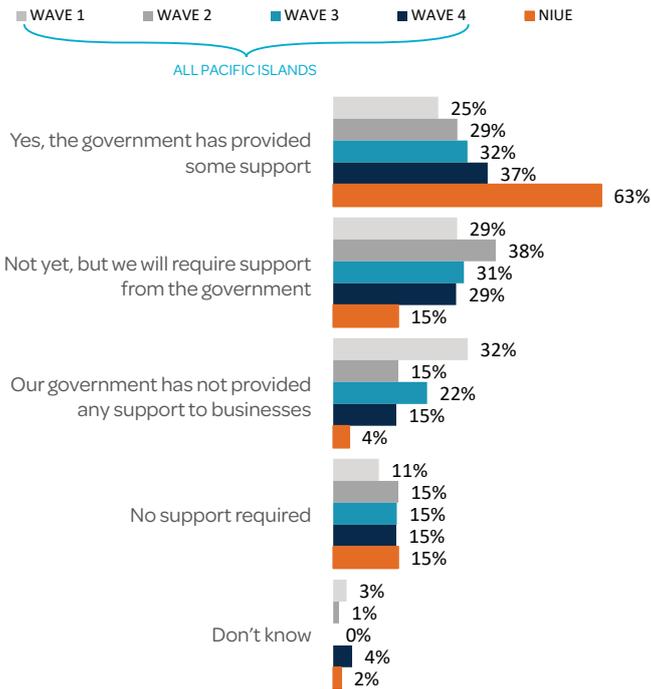
29%

27% NIUE

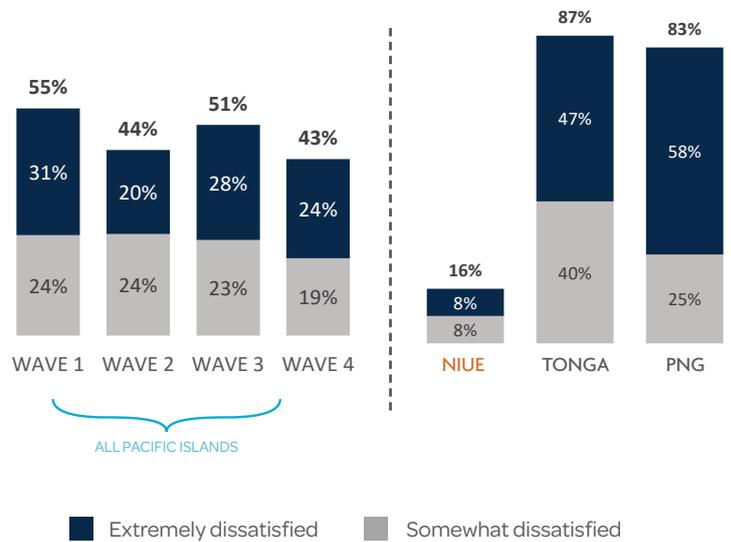
REVIEW/UPDATE BUSINESS STRATEGY
24% last wave

GOVERNMENT SUPPORT

HAS YOUR BUSINESS ACCESSED ANY SUPPORT?

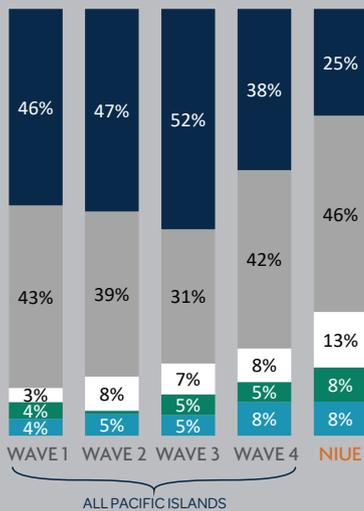


SATISFACTION WITH GOVERNMENT RESPONSE



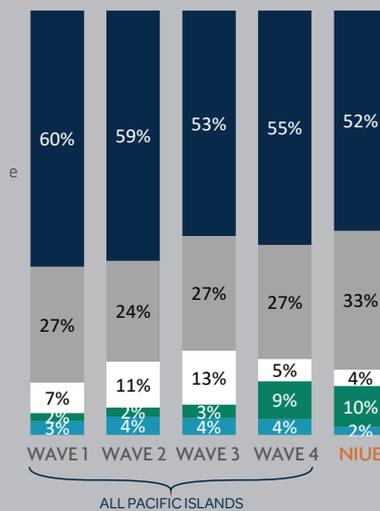
PERSONAL WELL-BEING

WELL-BEING OF THE COMMUNITY



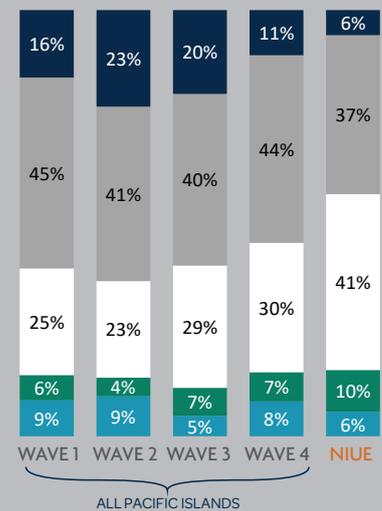
The proportion of those reporting the pandemic is having a negative impact on community well-being is declining slowly but steadily. Positively, the proportion of those expecting a very negative impact has declined to 38%.

PERSONAL FINANCIAL SITUATION



The pandemic continues to have a significant impact on business decision-makers personal financial situation, with 82% reporting a negative impact. Positively, 13% believe the pandemic is having a positive impact.

MENTAL HEALTH



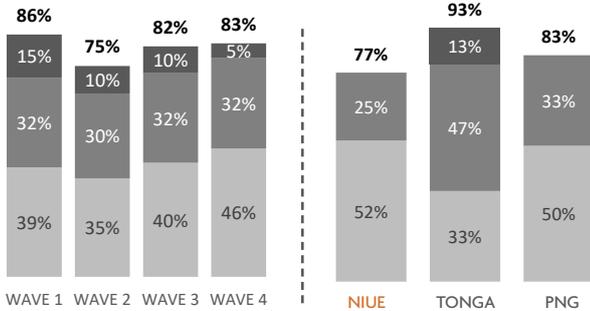
The negative toll on mental health continues to ease, with 55% now reporting a negative impact on their mental health. Those reporting a very negative impact has dropped by half to approx. One in ten (from one in five last wave).

PERSONAL WELL-BEING CONT...



% FELT WORRIED OVER THE LAST 2 WEEKS*

Always Most of the time Sometimes

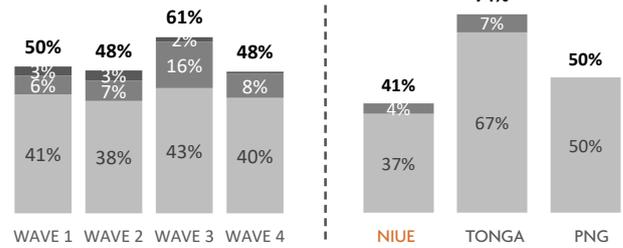


ALL PACIFIC ISLANDS



% FELT ANGRY OVER THE LAST 2 WEEKS*

Always Most of the time Sometimes

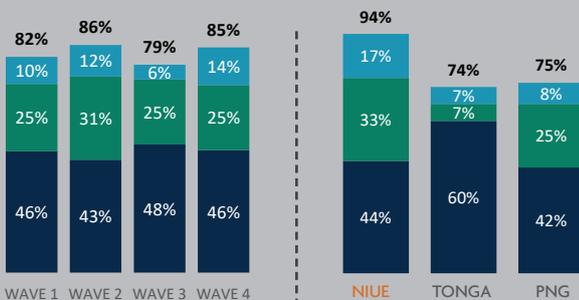


ALL PACIFIC ISLANDS



% FELT OPTIMISTIC OVER THE LAST 2 WEEKS*

Always Most of the time Sometimes

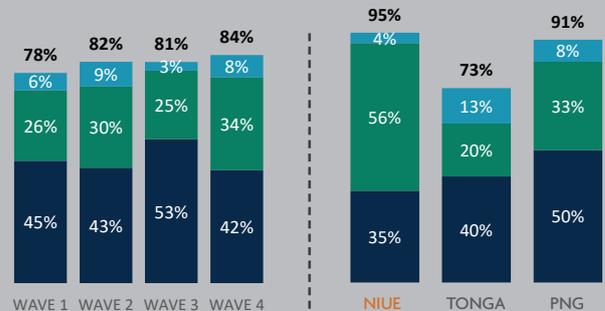


ALL PACIFIC ISLANDS



% FELT HAPPY OVER THE LAST 2 WEEKS*

Always Most of the time Sometimes

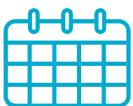


ALL PACIFIC ISLANDS

* Percentages rounded to nearest whole number

METHODOLOGY

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



Responses were collected 29 June - 12 July 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 134 respondents from across the Pacific region

FOR FURTHER INFORMATION



CATH COOKSLEY-LITTLE
Marketing & Communications Manager
cath@pacifictradeinvest.com