

## 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. 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 fortnightly survey to understand the ongoing effects of COVID-19 on the Pacific's private sector. The third wave of PTI's "Pacific Business Monitor" surveys includes responses gathered from 15–21 June 2020 from 126 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 fortnightly 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

- 74% of businesses are confident they will survive COVID-19, an increase from 70% in the last survey; however, the number of businesses that don't expect revenue to return to pre-COVID levels until 2021 or later has increased to 68%.
- COVID-19 continues to have a negative impact on businesses in the Pacific. The level of impact is similar to Survey 2 with two-thirds reporting a very negative impact.
- The proportion of businesses reporting a decline in revenue due to COVID-19 remains the same at 90%.
- 46% of businesses reported that they are partly operational (a decrease from 50% in Survey 2) and more positively, 31% reporting they are fully operational: an increase from the last survey.

## CHALLENGES & SUPPORT NEEDED

- Top 3 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 (90%).
- Financial support (49%) and a review/update of financial position (31%) are the top two initiatives businesses require assistance with.

## PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- 82% reported that they had felt worried over the last two weeks – an increase from Survey 2 (75%).
- The number of people reporting they felt optimistic over the last two weeks dropped to 79% from 86% in Survey 2.
- In line with Survey 2, 86% reported that COVID-19 has had a negative impact on the well-being of their community. Worryingly, the proportion of those expecting a very negative impact is increasing.

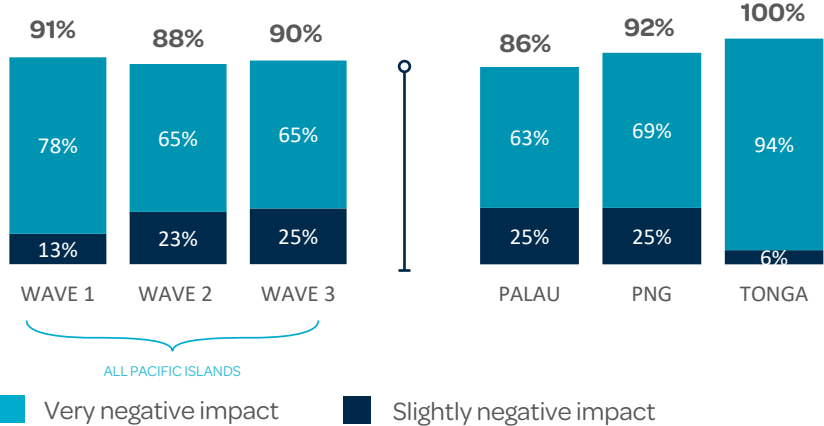
# CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

90%

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on businesses. The level of impact COVID-19 is having on businesses is on par with the last wave, with two-thirds reporting a very negative impact this wave.

## TOTAL % REPORTED NEGATIVE IMPACT ON BUSINESS\*

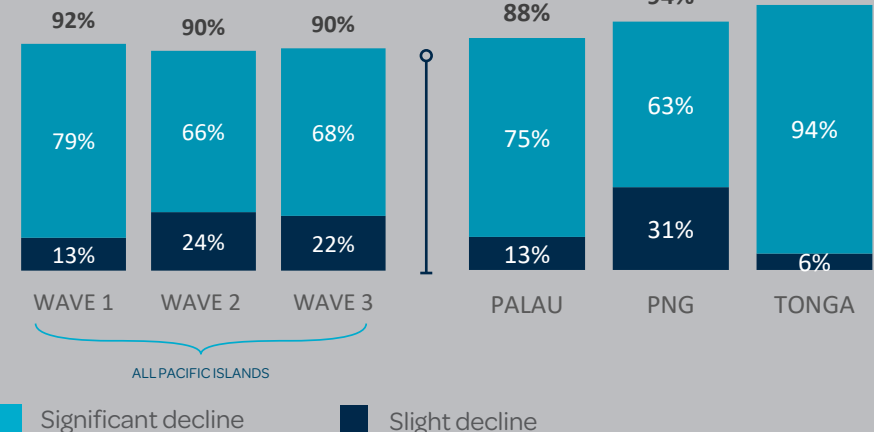


90%

REPORTED A DECLINE IN REVENUE

In line with the steady negative impact on business, two-thirds of businesses continue to report a significant decline in revenue due to COVID-19.

## TOTAL % REPORTED A DECLINE IN REVENUE\*

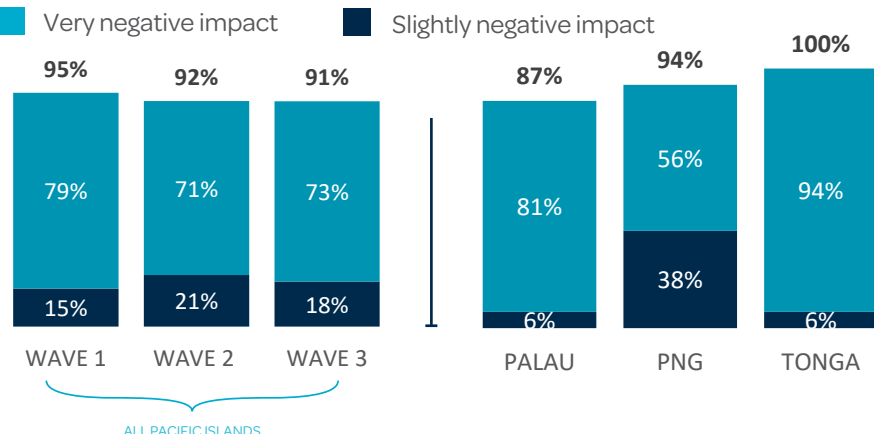


91%

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

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

## TOTAL % BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY\*



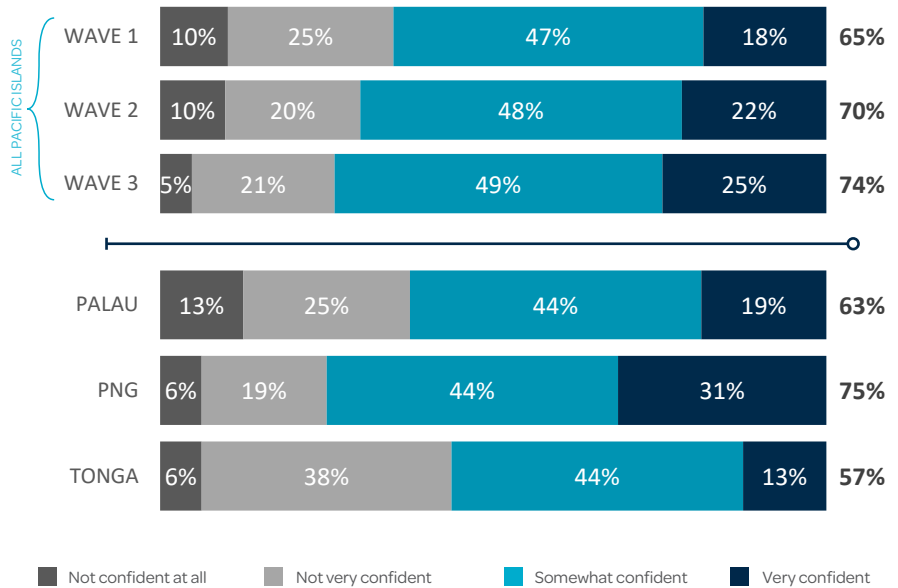
\*Percentages rounded to nearest whole number

74%

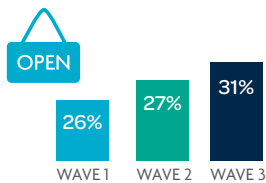
ARE CONFIDENT THAT THEIR BUSINESS WILL SURVIVE THE COVID-19 CRISIS

It's encouraging to see a continued increase in business confidence with 74% of respondents confident they will survive the crisis (up from 70% last wave).

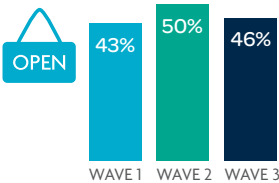
CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19



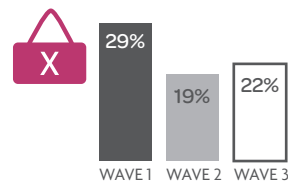
FULLY OPERATIONAL



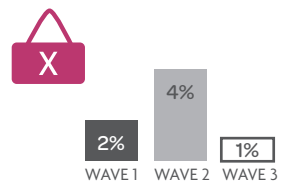
PARTLY OPERATIONAL



TEMPORARILY CLOSED

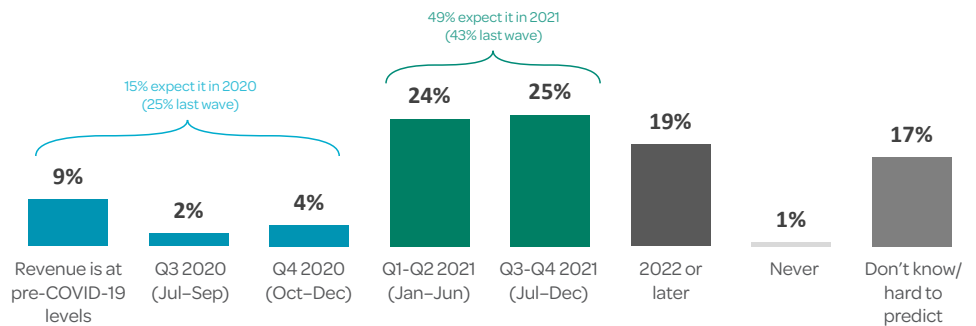


PERMANENTLY CLOSED

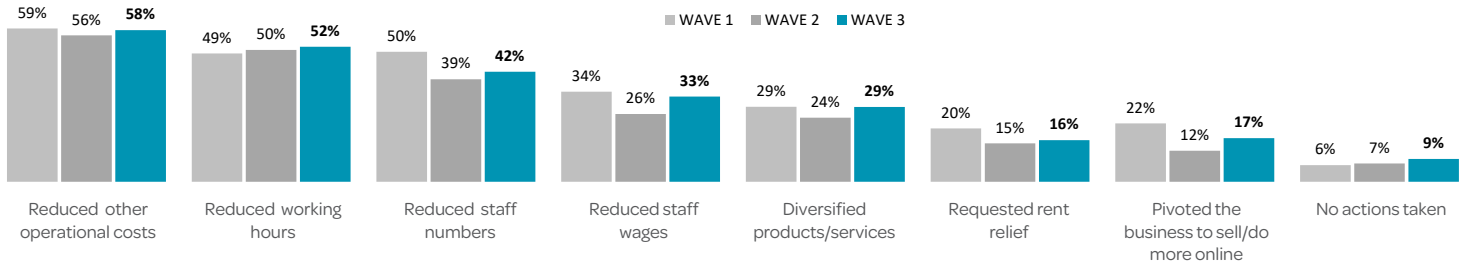


The level of uncertainty surrounding when businesses expect to return to business as usual is declining (17% vs. 23% last wave), which may explain rising confidence. Just under half of businesses expect to return to normal in 2021, but less expect to return this year.

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

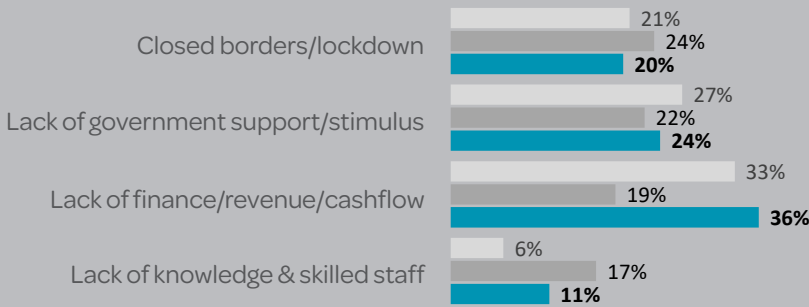


# ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



## BARRIERS TO ACTIONING INITIATIVES

56% reported that there are barriers preventing them from actioning initiatives to support their business, down from 62% last wave.



*"No international flights in and out of the country, so we are not able to bring in new staff that were hired before the pandemic with the skills needed to make our operation more successful."*

- SME, Tourism, Palau



*"It is extremely difficult accessing additional financial support, as local government can only do so much, and the commercial banks will only provide a finance repayment holiday (with interest-only payments) for an unknown period of time at this stage."*

SME, Agriculture, Forestry & Fishing, Vanuatu



## TOP 4 CHALLENGES

93%

NOT KNOWING HOW LONG THE CRISIS WILL LAST  
90% last wave

90%

IMPACT OF CLOSED INTERNATIONAL BORDERS  
90% last wave

90%

POOR CASHFLOW  
85% last wave

84%

IMPACT OF LOCKDOWN IN YOUR COUNTRY  
83% last wave

## TOP 4 INITIATIVES NEEDED TO ACTION NOW

49%

NEED FINANCIAL SUPPORT  
51% last wave

31%

REVIEW/UPDATE FINANCIAL POSITION  
30% last wave

30%

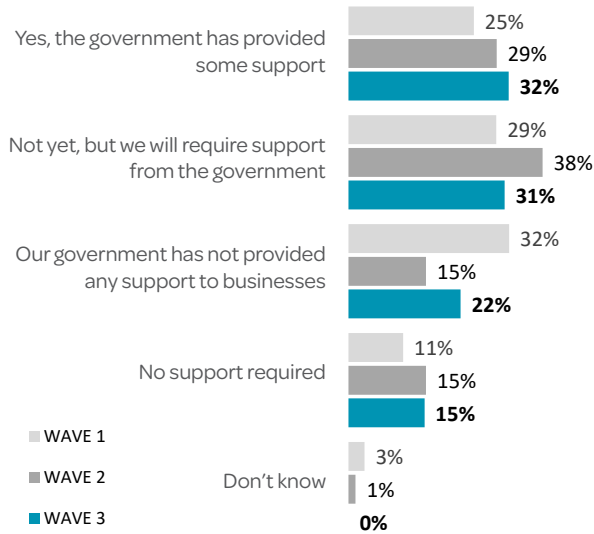
DIVERSIFY BUSINESS  
27% last wave

28%

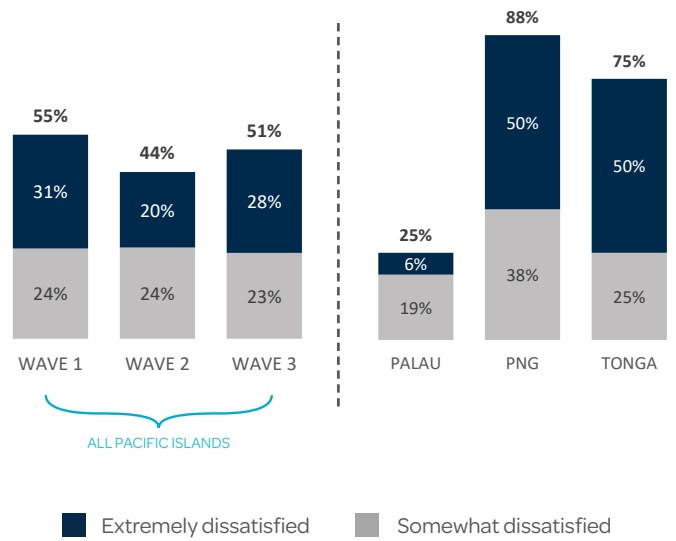
NEED ACCESS TO NEW MARKETS (LOCAL OR OVERSEAS)  
40% last wave

# GOVERNMENT SUPPORT

## HAS YOUR BUSINESS ACCESSED ANY SUPPORT?

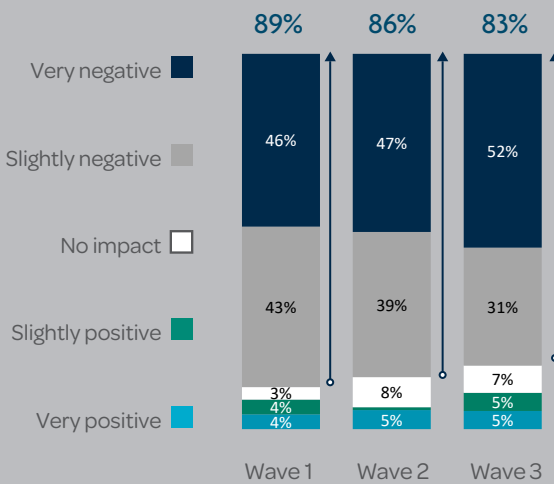


## SATISFACTION WITH GOVERNMENT RESPONSE



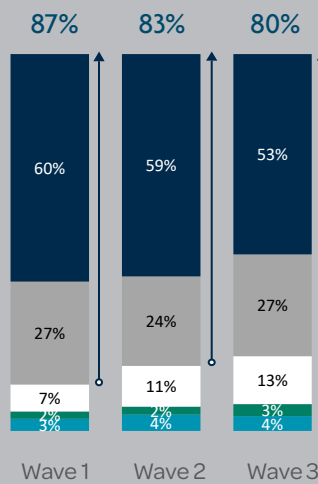
# PERSONAL WELL-BEING

## WELL-BEING OF THE COMMUNITY



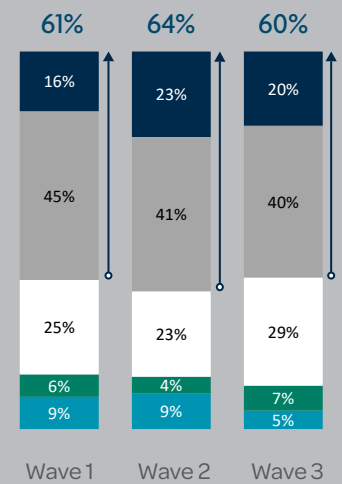
In line with the last wave, 83% reported that the COVID-19 pandemic has had a negative impact on their community. Worryingly, the proportion of those expecting a very negative impact is increasing.

## PERSONAL FINANCIAL SITUATION



The pandemic continues to have a significant impact on business decision-makers' personal financial situation, with 80% reporting negative impact; however, this is slowly declining.

## MENTAL HEALTH



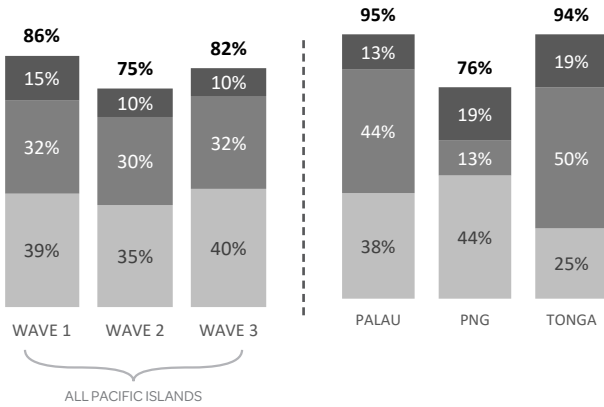
The negative toll on mental health has reduced slightly, with 60% now reporting a negative impact on their mental health. Those reporting a very negative impact has dropped to one in five (from one-quarter last wave).

# PERSONAL WELL-BEING CONT...



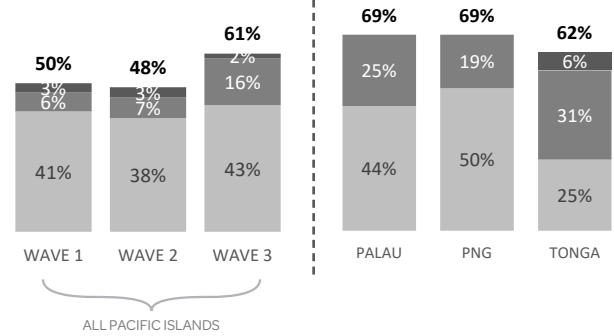
## % FELT WORRIED OVER THE LAST 2 WEEKS\*

Always Most of the time Sometimes



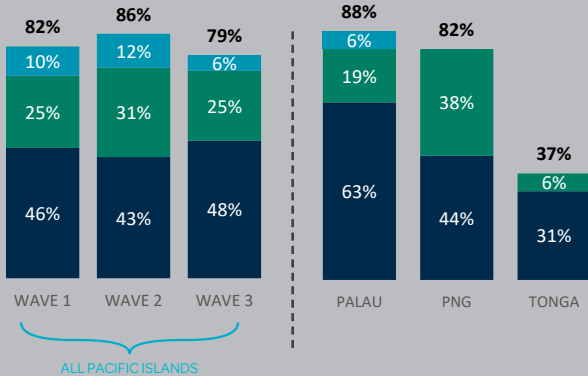
## % FELT ANGRY OVER THE LAST 2 WEEKS\*

Always Most of the time Sometimes



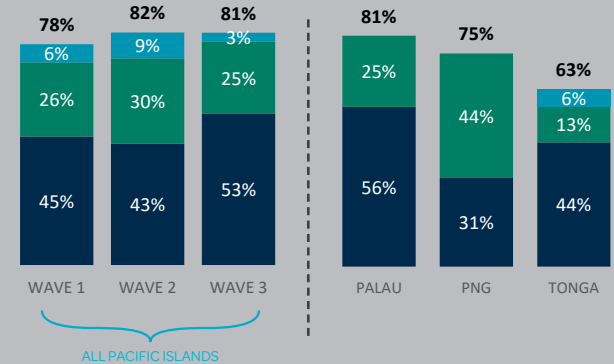
## % FELT OPTIMISTIC OVER THE LAST 2 WEEKS\*

Always Most of the time Sometimes



## % FELT HAPPY OVER THE LAST 2 WEEKS\*

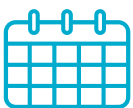
Always Most of the time Sometimes



\* Percentages rounded to nearest whole number

# METHODOLOGY

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



Responses were collected 15–21 June 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 126 respondents from across the Pacific region

### FOR FURTHER INFORMATION



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