

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 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 seventh wave of PTI's *Pacific Business Monitor* surveys includes responses gathered from 5 to 18 October 2020, from 136 businesses across the Pacific.

This report includes data from the top three 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 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 increased, with 61% (61% Cook Islands) reporting a very negative impact (up from 55% last wave).
- The proportion of businesses expecting to return to business as usual in 2020 and 2021 has declined. 39% of businesses in the Cook Islands do not expect to return to business as usual until 2022 or later.
- The impact on revenue has also increased in severity, with the proportion of businesses reporting a significant decline in revenue increasing to 70% (77% Cook Islands) since the last wave.

CHALLENGES & SUPPORT NEEDED

- The top three challenges as a result of COVID-19 remain unchanged:
 - » Impact of closed international borders (91% Pacific, 94% Cook Islands)
 - » Not knowing how long the crisis will last (91% Pacific, 97% Cook Islands)
 - » Poor cashflow (85% Pacific, 84% Cook Islands)
- The top four initiatives businesses require assistance with are:
 - » Financial support (46% Pacific, 42% Cook Islands)
 - » Review/update financial position (36% Pacific, 35% Cook Islands)
 - » Diversify business (36% Pacific, 16% Cook Islands)
 - » Access to new markets (32% Pacific, 26% Cook Islands)
- Female-led businesses continue to experience greater revenue decline and are less confident in their business survival compared to male-led businesses in the Pacific.

PERSONAL IMPACTS ON BUSINESS DECISION-MAKERS

- The negative toll on business owners has increased, with 74% (67% Cook Islands) reporting a negative impact on their mental health, the highest since tracking began.
- The proportion of businesses in the Pacific reporting that COVID-19 is having a very negative effect on community wellbeing has increased by 9% since the last wave, to 49%.

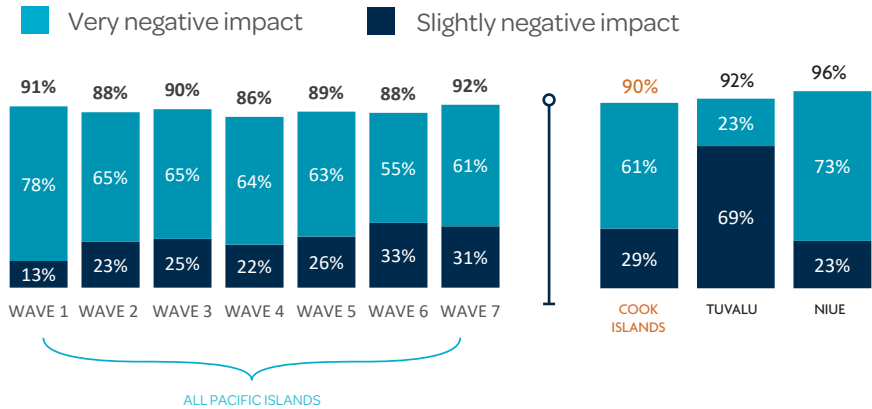
CURRENT IMPACT OF COVID-19 ON BUSINESSES IN THE PACIFIC

92%
90% COOK IS.

REPORTED A NEGATIVE IMPACT DUE TO COVID-19

COVID-19 continues to have a negative impact on businesses overall as borders remain closed. The extent and severity of COVID-19 on Pacific businesses has worsened this wave, with 61% (61% Cook Islands) reporting a very negative impact (up from 55% last wave).

REPORTED NEGATIVE IMPACT ON BUSINESS*

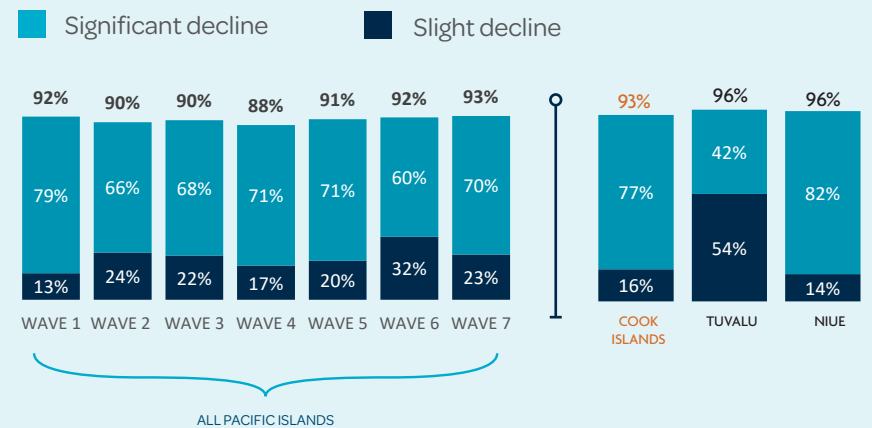


93%
93% COOK IS.

REPORTED A DECLINE IN REVENUE

93% (93% Cook Islands) of businesses reported a decline in revenue due to COVID-19; this is the highest since tracking began. The impact on revenue has also increased in severity, with the proportion of businesses reporting a significant decline in revenue increasing to 70% (up from 60% last wave).

REPORTED A DECLINE IN REVENUE*

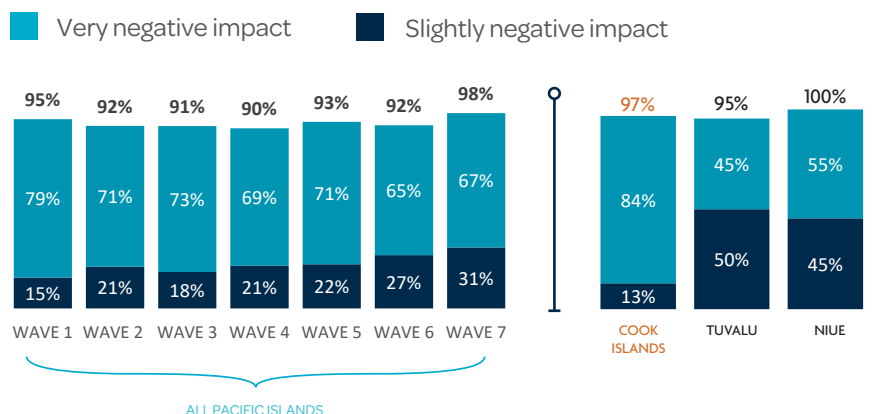


98%
97% COOK IS.

BELIEVE COVID-19 HAS NEGATIVELY IMPACTED THE LOCAL ECONOMY

As the level of negative impact on business and revenue have both increased in severity this wave, perception of the local economy has worsened, with 98% (97% Cook Islands) reporting a negative impact on the local economy (from 92% last wave).

BELIEVE NEGATIVE IMPACT ON THE LOCAL ECONOMY*



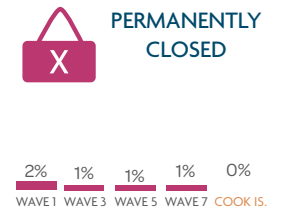
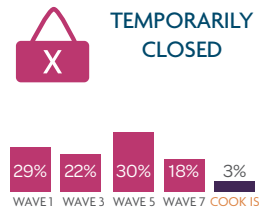
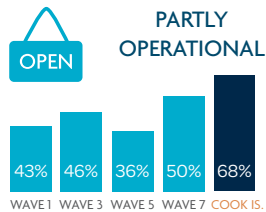
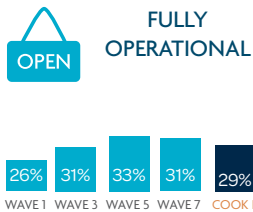
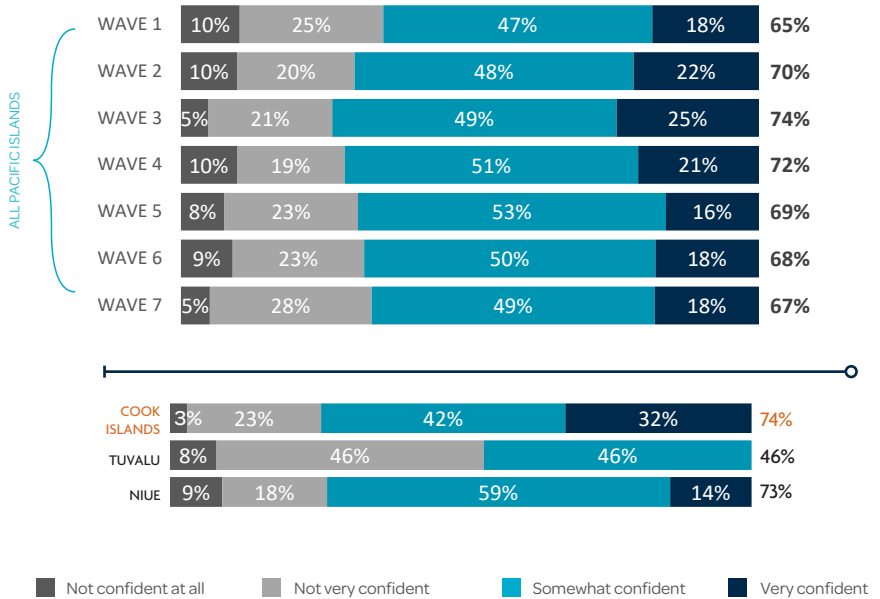
*Percentages rounded to nearest whole number

67%
74% COOK IS.

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

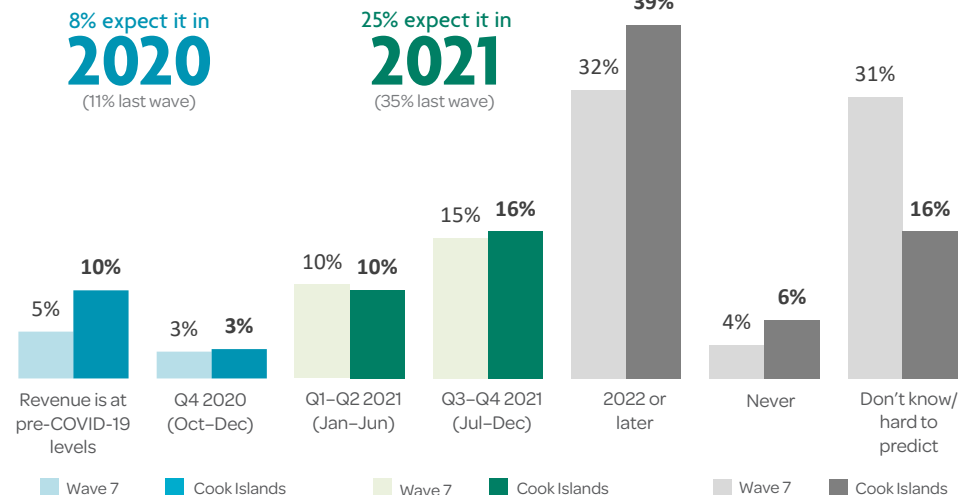
74% of business in the Cook Islands are confident that they will survive the COVID-19 crisis.

CONFIDENCE IN BUSINESS SURVIVAL AFTER COVID-19

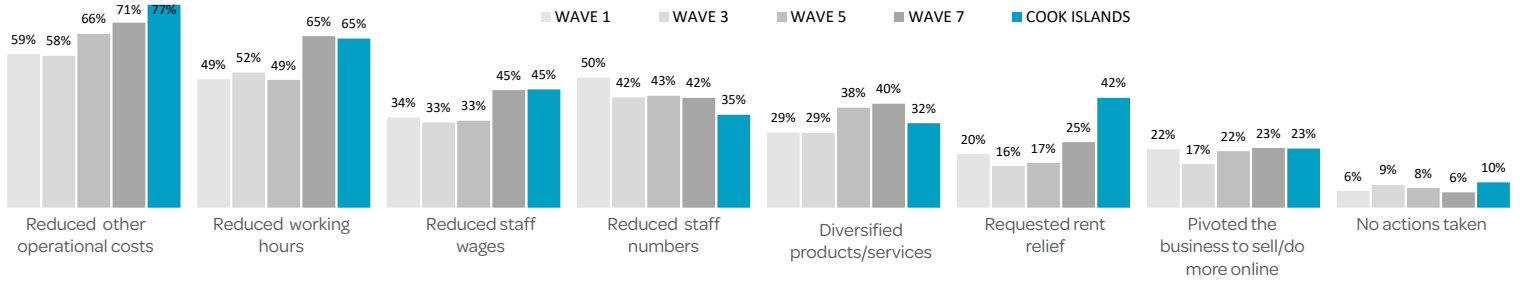


The proportion of businesses in the Pacific that are expecting to return to business as usual in 2020 and 2021 have both declined. Almost one third (39% Cook Islands) do not expect to return to business as usual until 2022 or later.

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



ACTIONS TAKEN TO REDUCE COST/DAMAGE TO BUSINESS



41%
32% COOK IS.

BARRIERS TO ACTIONING INITIATIVES

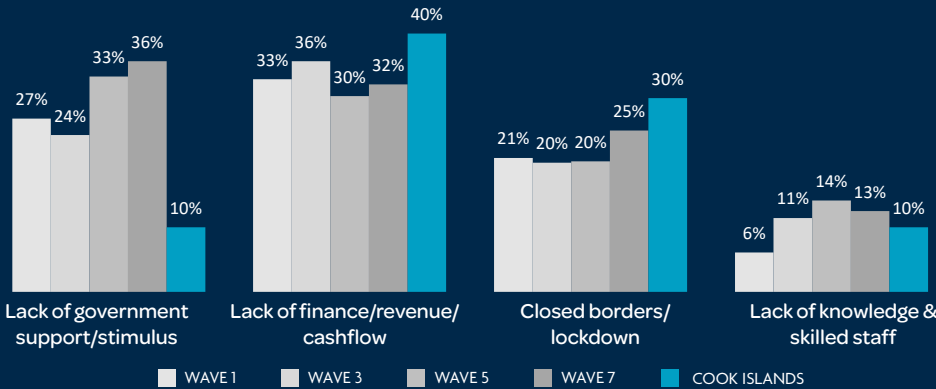
41% (32% Cook Islands) reported that there are barriers preventing them from actioning initiatives to support their business, on par with last wave (41%)

“Access to financial support that doesn’t include a loan which will add to increasing debt. Government support is limited only to Tourism and Hospitality sectors.”

– SME, Agriculture, Forestry & Fishing, Samoa

“The increased costs of freight and postage make it impossible to have any profit margin and at times those costs are so great that we would be selling at a loss if we proceeded with the sale. Nothing will happen; there will be little growth until those excessive costs are addressed.”

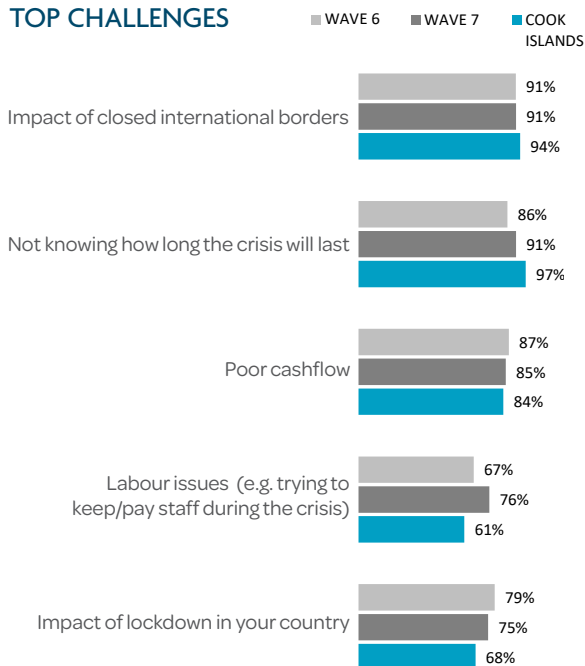
– SME, Manufacturing, Cook Islands



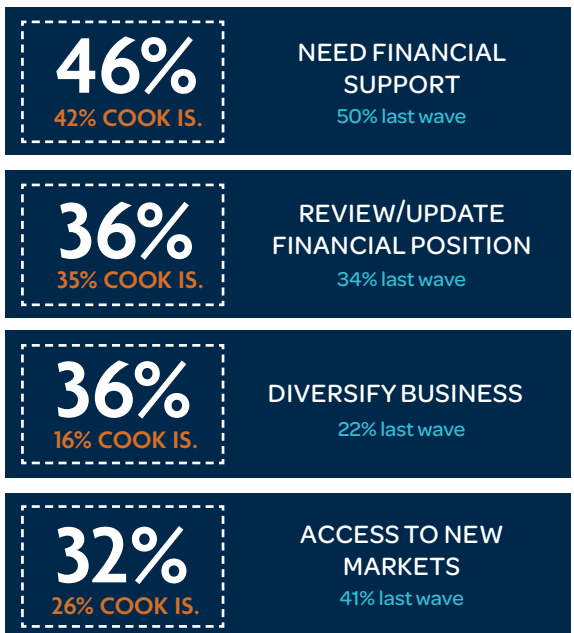
“There is no way I can force the government to release the promised relief. So far those with close connections to government got relief, others have not got it.”

– SME, Accommodation, Hospitality & Food Service, Marshall Islands

TOP CHALLENGES

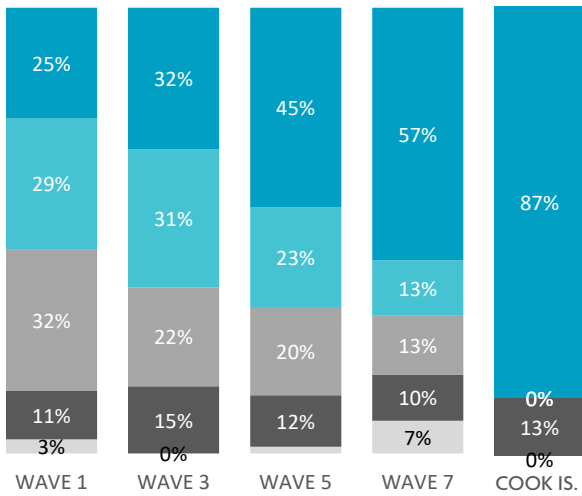


TOP 4 INITIATIVES NEEDED TO ACTION NOW



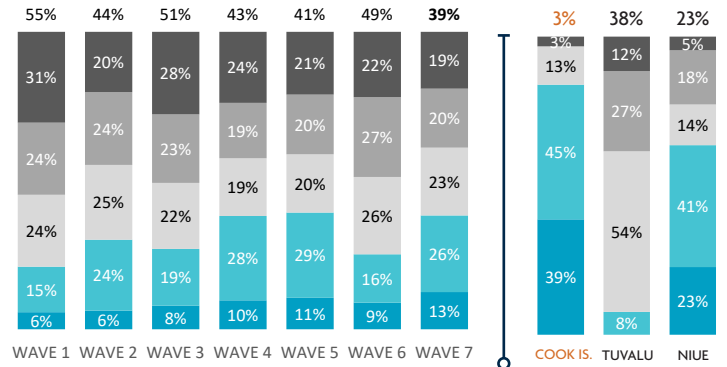
GOVERNMENT SUPPORT

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

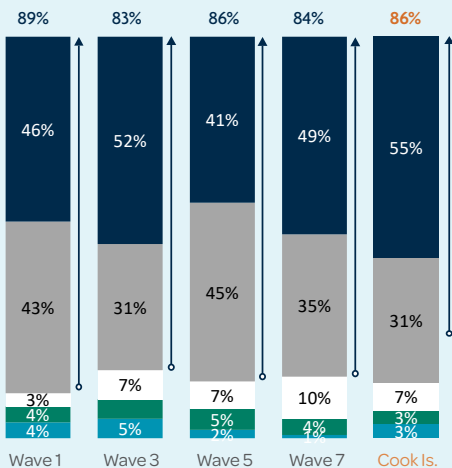


ALL PACIFIC ISLANDS

Extremely satisfied
 Somewhat satisfied
 Neutral
 Somewhat dissatisfied
 Extremely dissatisfied

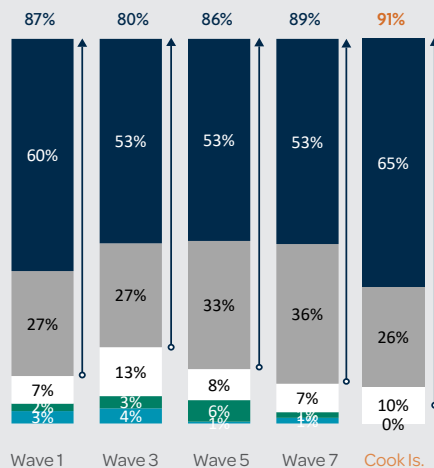
PERSONAL WELLBEING

WELLBEING OF THE COMMUNITY



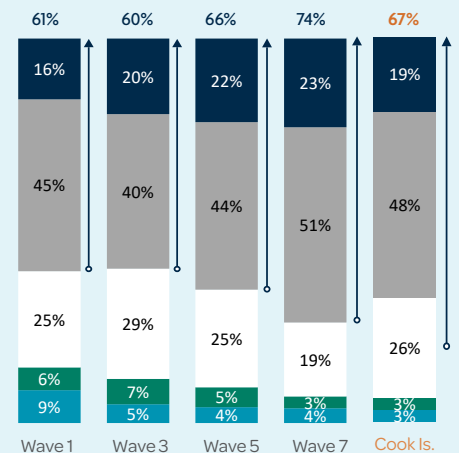
The proportion of businesses reporting that COVID-19 is having a very negative impact on community wellbeing has increased since the last wave.

PERSONAL FINANCIAL SITUATION



COVID-19 continues to have a significant impact on the personal financial situation of business decision-makers with 89% (91% Cook Islands) reporting negative impact, the highest since tracking began.

MENTAL HEALTH

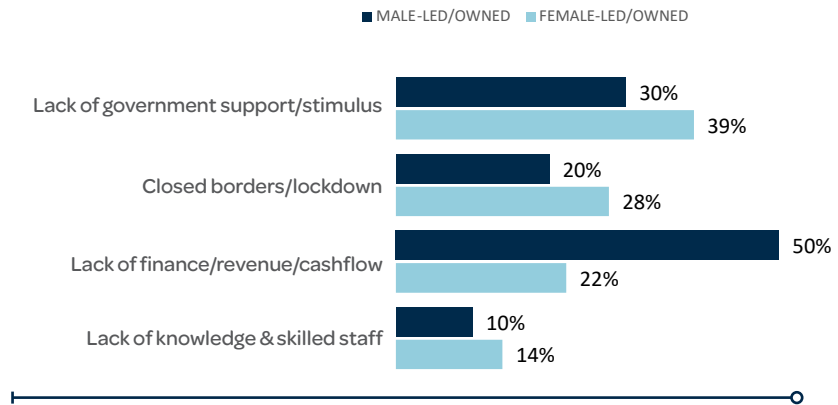


The negative toll on mental health has increased, with 74% (67% Cook Islands) reporting a negative impact on their mental health.

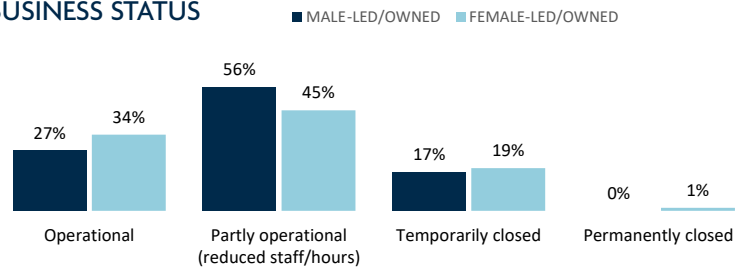
Very negative ■ Slightly negative ■ No impact □ Slightly positive ■ Very positive ■

IMPACT ON FEMALE-LED/OWNED BUSINESSES IN THE PACIFIC

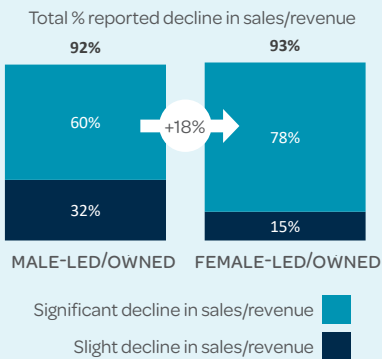
BARRIERS PREVENTING ACTIONING OF INITIATIVES



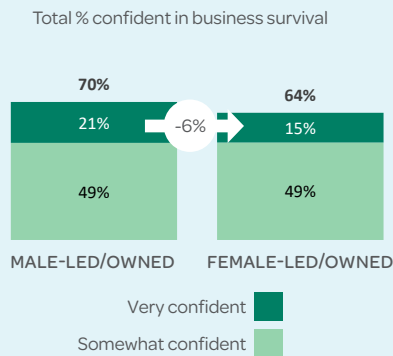
BUSINESS STATUS



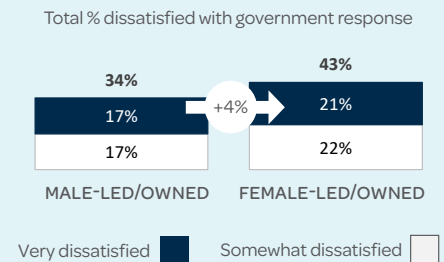
IMPACT ON BUSINESS REVENUE



CONFIDENCE IN BUSINESS SURVIVAL



SATISFACTION WITH GOVERNMENT RESPONSE



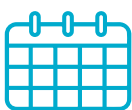
% have received government support



* Percentages rounded to nearest whole number

METHODOLOGY

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



Responses were collected 5-18 October 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 136 respondents from across the Pacific region

FOR FURTHER INFORMATION



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