



Pacific Trade Invest

# PACIFIC BUSINESS MONITOR 2020

## NEW CALEDONIA FOCUS



PACIFIC ISLANDS  
FORUM SECRETARIAT

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# INTRODUCTION

## INSIGHTS INTO PACIFIC BUSINESSES

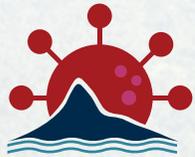
The COVID-19 outbreak has caused a global health emergency and an economic slowdown impacting millions of small and medium-sized enterprises (SMEs) around the world, including the Pacific region.

International tourism is a driving sector for local Pacific economies, but travel restrictions in 2020, including border closures, have affected businesses in this region.

To understand the ongoing impact on the Pacific's private sector, Pacific Trade Invest (PTI) commissioned Fifth Quadrant, an independent research agency, to run a regular survey to understand the ongoing effects of COVID-19 on businesses in the Pacific.

This report reviews the data collected from across the Pacific region in the first nine waves of the survey, conducted from 18 May–13 December 2020.

# OBJECTIVES



## UNDERSTAND THE IMPACT OF COVID-19 ON SMES IN THE PACIFIC:

- Track impact on business revenue
- Track impact on the local economy
- Track level of concern regarding business survival
- Track impact on mental health

## COMPARE SATISFACTION WITH GOVERNMENT SUPPORT:

- Track satisfaction with government response and support
- Track access to government support



## UNDERSTAND HOW SMES IN THE PACIFIC ARE REACTING TO THE CRISIS:

Track how businesses are adapting to the crisis to reduce impact and damage (e.g. reduced wages, staff/operational costs etc.)

## IDENTIFY KEY AREAS OF SUPPORT NEEDED TO RECOVER FROM THE IMPACT OF COVID-19:

- Expectations regarding speed of recovery
- Initiatives taken to optimise/improve business readiness for upswing
- Understand the key challenges
- What assistance do they need to adapt/optimize/ improve/ survive?
- What information is required?



# SAMPLE PROFILE

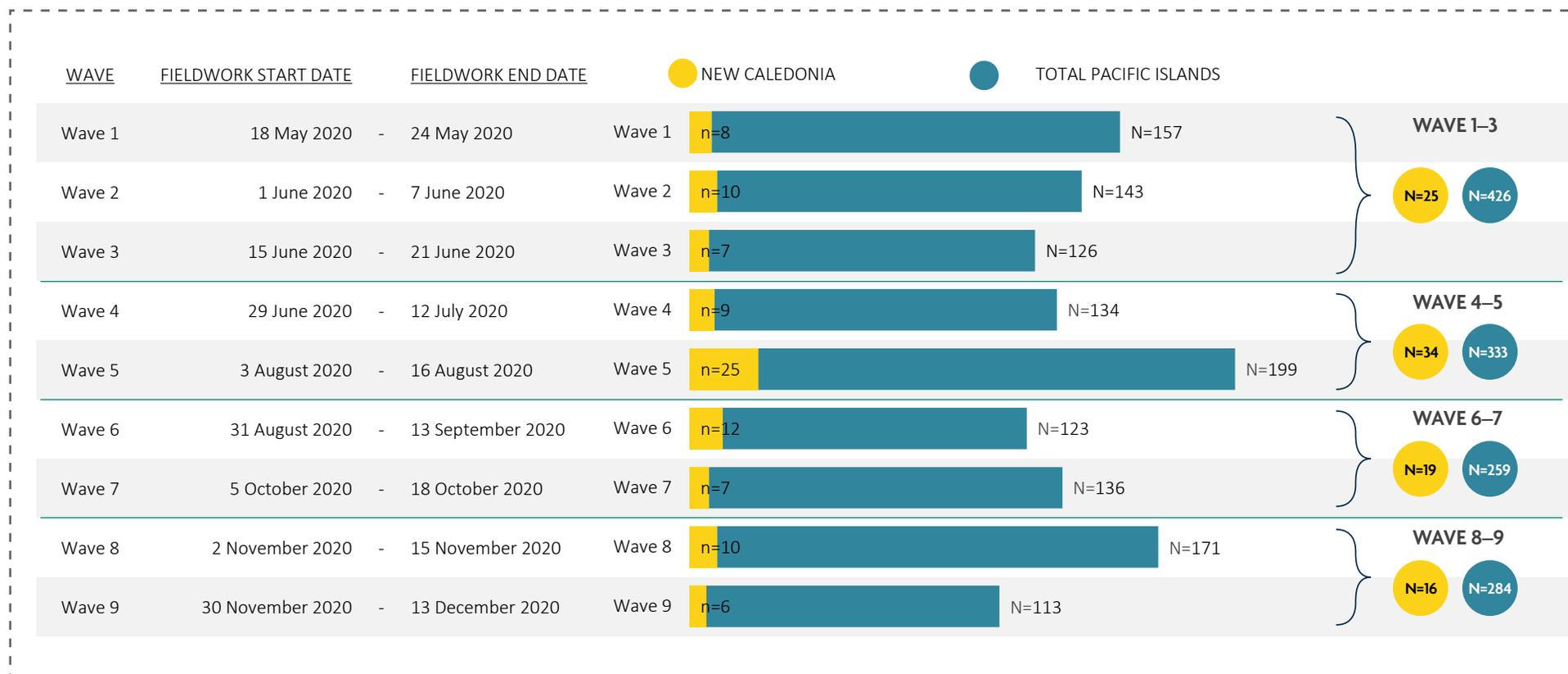
## LOCATION

Our sample includes businesses based in the Pacific Islands. We achieved a robust sample of over n=110 for each wave in 2020 and a relatively consistent representation of businesses in New Caledonia across each wave.

	Wave 1	Wave 2	Wave 3	Wave 4	Wave 5	Wave 6	Wave 7	Wave 8	Wave 9
TOTAL PACIFIC ISLANDS	157	143	126	134	199	123	136	171	113
Cook Islands	10	4	4	2	20	4	31	19	17
Federated States of Micronesia (FSM)	1	0	0	0	0	0	0	0	0
Fiji	27	15	10	10	6	13	5	34	9
French Polynesia	3	0	4	2	0	1	0	1	1
Kiribati	6	2	3	2	4	1	2	4	0
Marshall Islands	1	1	1	0	0	7	1	0	0
Nauru	1	0	2	0	1	0	1	1	1
<b>New Caledonia</b>	<b>8</b>	<b>10</b>	<b>7</b>	<b>9</b>	<b>25</b>	<b>12</b>	<b>7</b>	<b>10</b>	<b>6</b>
Niue	2	36	10	52	41	18	22	36	30
Palau	2	13	16	4	5	9	4	4	3
PNG	19	26	16	12	18	4	5	6	4
Samoa	15	10	12	5	10	10	9	8	4
Solomon Islands	8	8	13	8	30	6	6	9	9
Tonga	32	9	16	15	18	10	8	11	2
Tuvalu	2	1	1	4	13	15	26	15	20
Vanuatu	20	8	11	9	8	13	9	13	7

# SAMPLE PROFILE

As base sizes were low for some waves, 2020 waves were combined into four periods as shown below to maximise the validity of the data and ensure reliable comparison of New Caledonia to the total Pacific Islands.



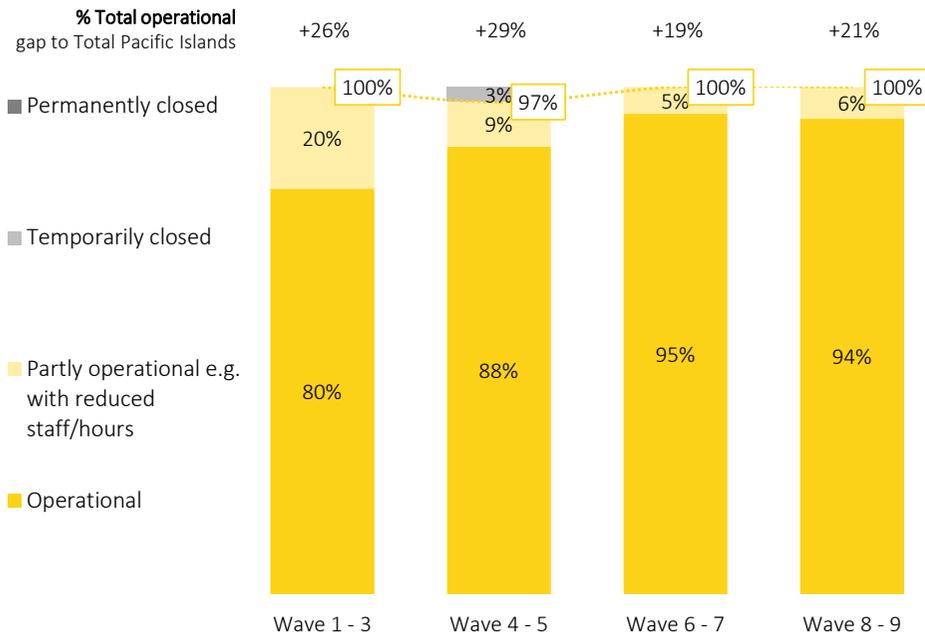
# IMPACT OF COVID-19 ON BUSINESS STATUS

Over the year 2020, the proportion of businesses in New Caledonia that are operational remained very high, with 94% fully operational by the end of 2020 compared to 36% across the Pacific Islands.

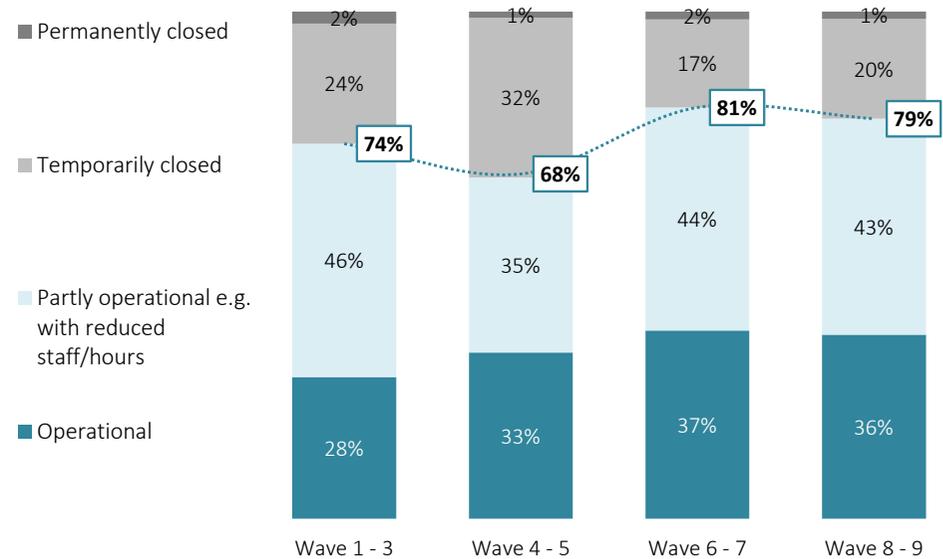
Q

WHAT IS YOUR CURRENT BUSINESS STATUS?

## NEW CALEDONIA



## TOTAL PACIFIC ISLANDS



..... % TOTAL OPERATIONAL

# IMPACT OF COVID-19 ON BUSINESS

The negative impact on businesses in New Caledonia has remained low compared to the rest of the Pacific Islands across 2020, despite negativity rising from 63% in September and October (Wave 6-7) to 75% in November and December (Wave 8-9).

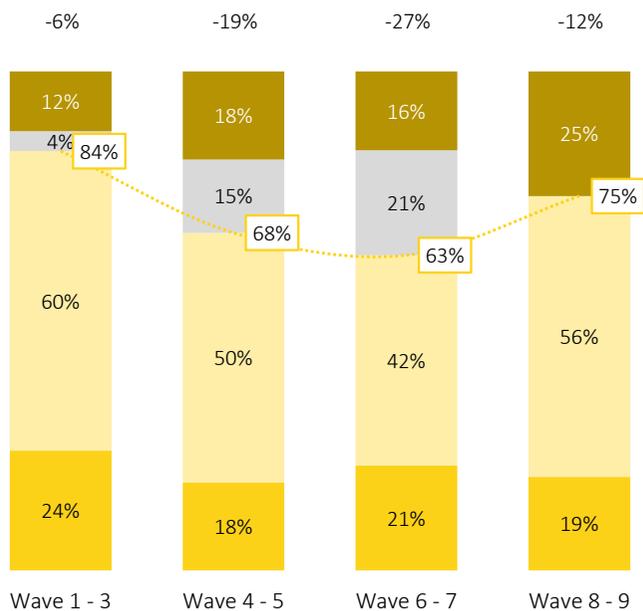
Q

HOW WOULD YOU DESCRIBE THE IMPACT OF THE COVID-19 OUTBREAK ON YOUR BUSINESS?

## NEW CALEDONIA

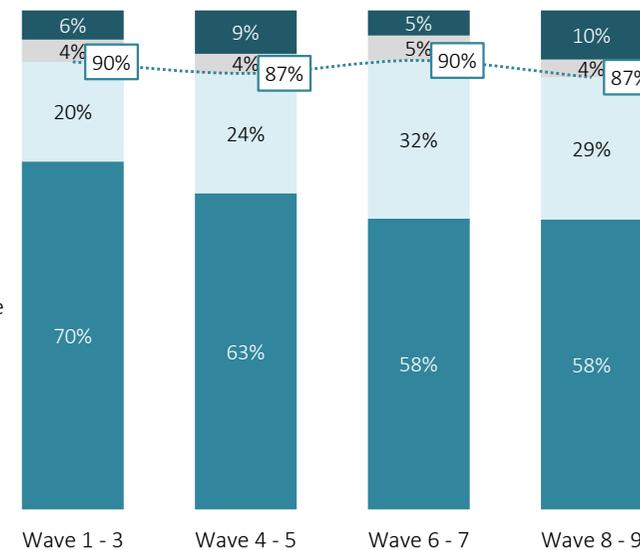
% Total negative impact gap to Total Pacific Islands

- Positive
- No impact
- Slightly negative
- Very negative



## TOTAL PACIFIC ISLANDS

- Positive
- No impact
- Slightly negative
- Very negative



..... % TOTAL NEGATIVE IMPACT

# IMPACT OF COVID-19 ON BUSINESS REVENUE

Businesses in New Caledonia have experienced less decline in revenue over 2020. Positively, businesses in New Caledonia reported the lowest decline in revenue in November and December (Wave 8-9), indicating a positive start to 2021.

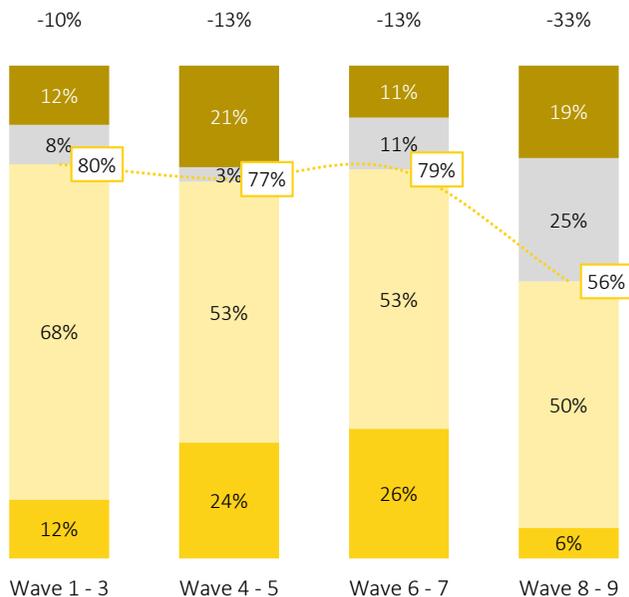
Q

WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR BUSINESS SALES/REVENUE SO FAR?

## NEW CALEDONIA

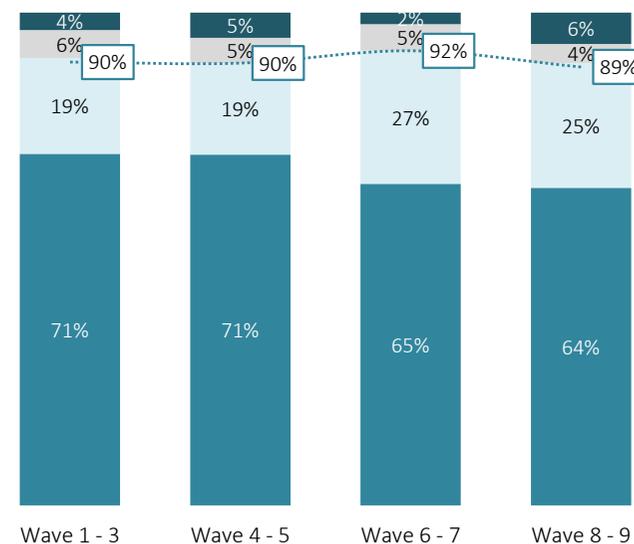
% Total decline in revenue gap to Total Pacific Islands

- Increase
- No impact
- Slight decline
- Significant decline



## TOTAL PACIFIC ISLANDS

- Increase
- No impact
- Slight decline
- Significant decline



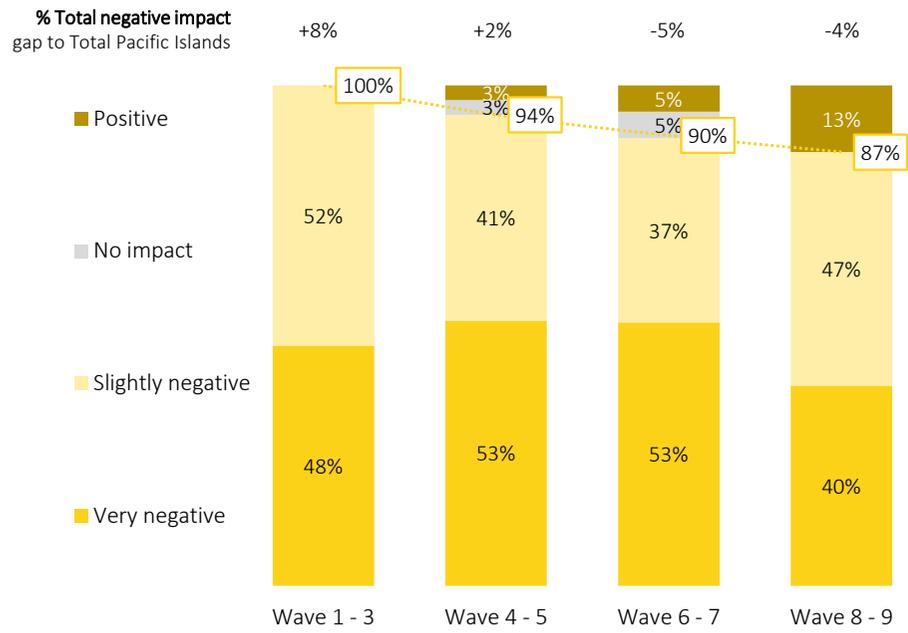
..... % TOTAL DECLINE IN REVENUE

# IMPACT OF COVID-19 ON THE LOCAL ECONOMY

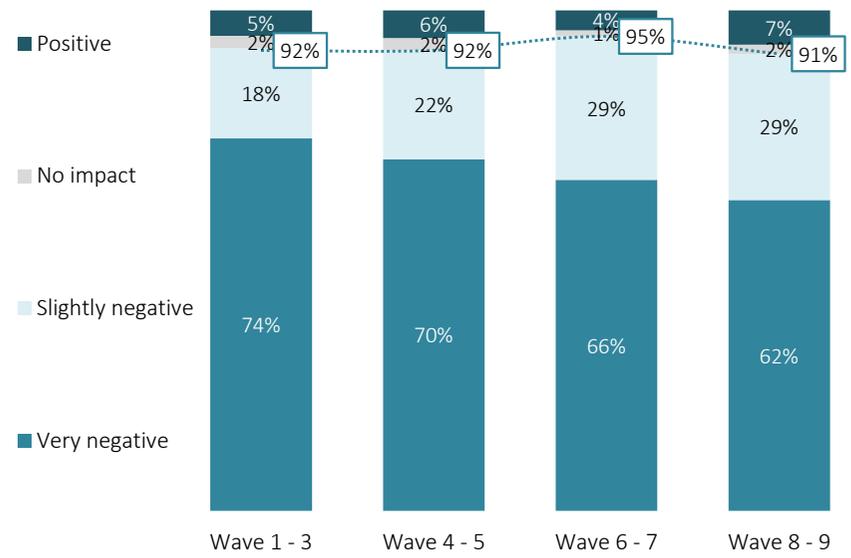
There has been a gradual decline in the total proportion of businesses in New Caledonia reporting total negative impact on their local economy since COVID-19 began, with only 40% reporting a very negative impact at the end of 2020 compared to 62% in the Pacific Islands overall.

## Q WHAT IMPACT HAS THE COVID-19 CRISIS HAD ON YOUR LOCAL ECONOMY?

### NEW CALEDONIA



### TOTAL PACIFIC ISLANDS



..... % TOTAL NEGATIVE IMPACT

# IMPACT OF COVID-19 ON WELLBEING

The overall negative impact on mental health of decision-makers in New Caledonia continued to rise and at the end of 2020 it was at the highest since tracking began. The negative impact on community wellbeing and personal financial situation remains much lower than Pacific Islands overall.

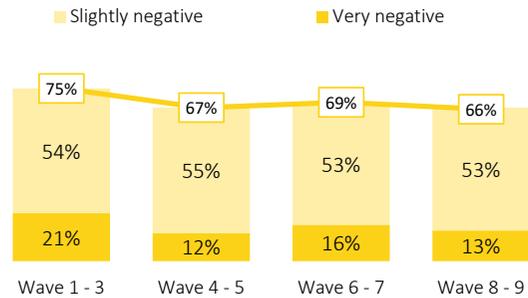


WHAT IMPACT DO YOU THINK THE COVID-19 SITUATION WILL HAVE ON THE FOLLOWING...?



## THE WELLBEING OF YOUR COMMUNITY

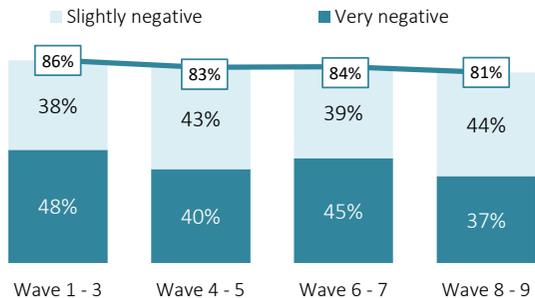
NEW CALEDONIA



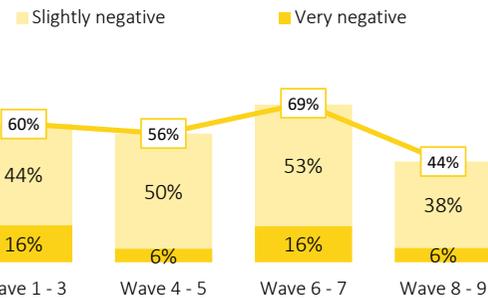
% total negative gap to total

-11%   -16%   -15%   -15%

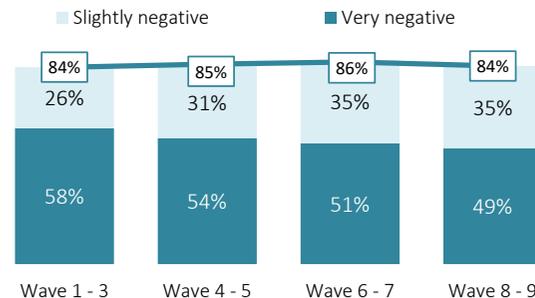
TOTAL PACIFIC ISLANDS



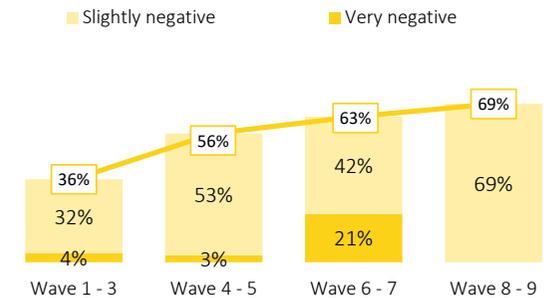
## YOUR PERSONAL FINANCIAL SITUATION



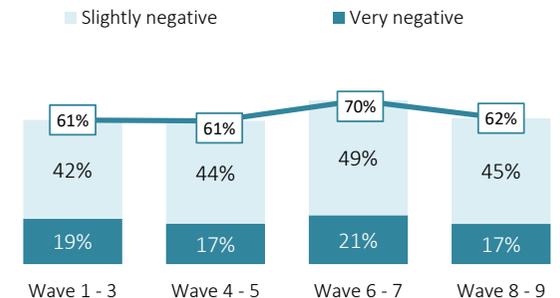
-24%   -29%   -17%   -40%



## YOUR MENTAL HEALTH



-25%   -5%   -7%   +7%



# IMPACT OF COVID-19 ON EMOTIONAL STATE

Decision-makers in New Caledonia felt less optimistic and happy at the end of 2020 compared to earlier in 2020.

Q

THINKING BACK OVER THE LAST 2 WEEKS, HOW OFTEN DID YOU FEEL...?

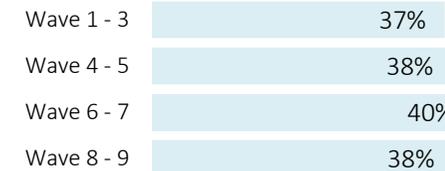
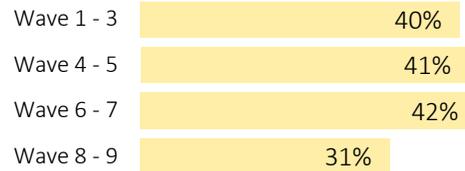
## NEW CALEDONIA

## TOTAL PACIFIC ISLANDS



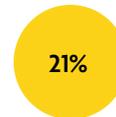
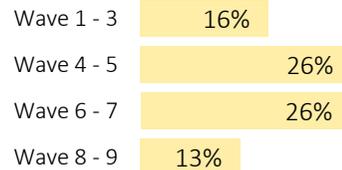
### OPTIMISTIC

% Felt optimistic all/most of the time



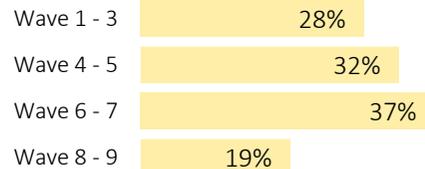
### HAPPY

% Felt happy all/most of the time



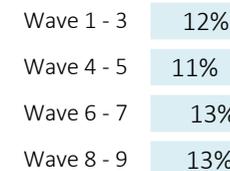
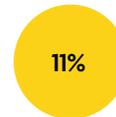
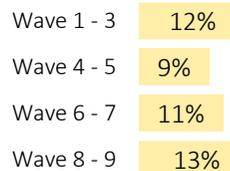
### WORRIED

% Felt worried all/most of the time



### ANGRY

% Felt angry all/most of the time



# CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

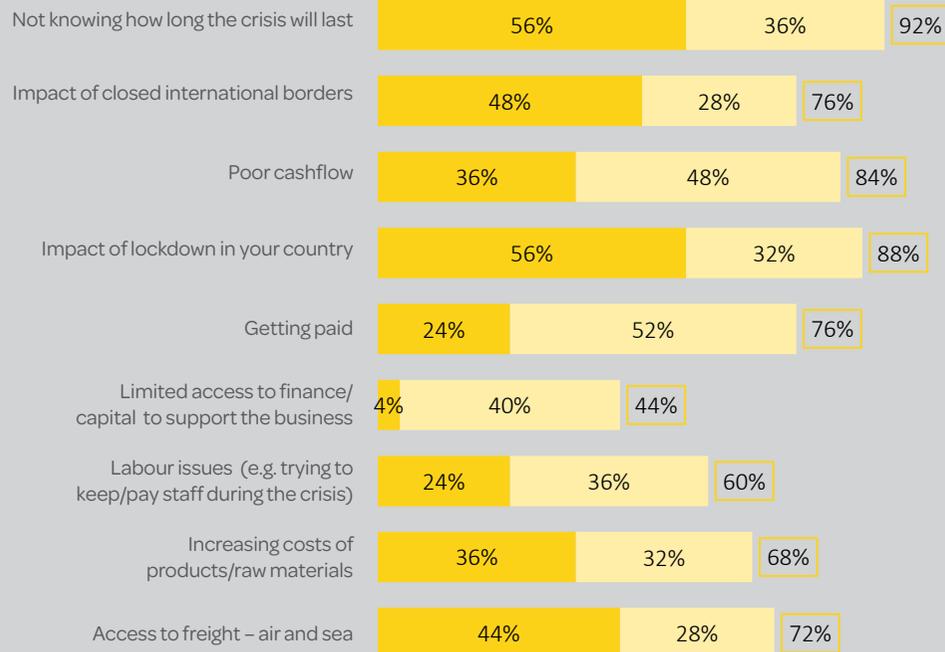
Compared to earlier in 2020, businesses in New Caledonia have become increasingly challenged by the impact of closed international borders and access to freight.

Q

HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

## NEW CALEDONIA: WAVE 1-3

Very Challenging Somewhat Challenging % Total challenging

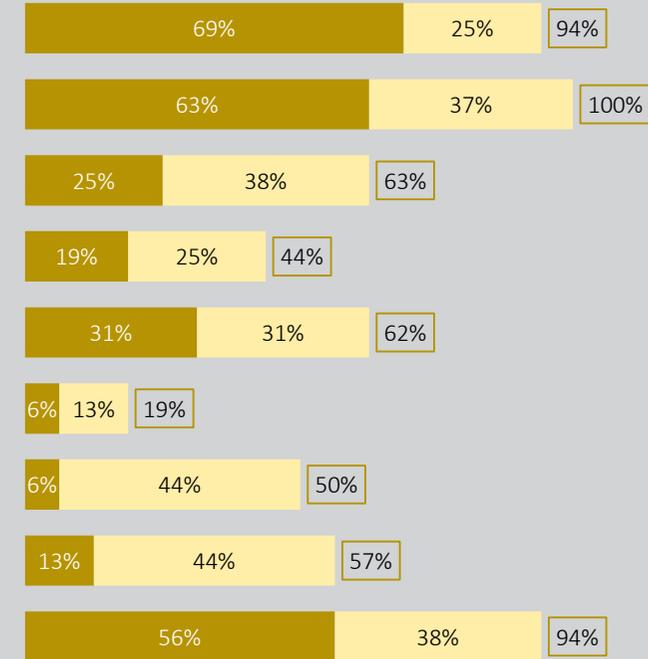


% Total challenging  
Wave 8-9 difference to  
Wave 1-3

+2%  
+24%  
-21%  
-44%  
-14%  
-25%  
-10%  
-11%  
+22%

## NEW CALEDONIA: WAVE 8-9

Very Challenging Somewhat Challenging % Total challenging



# CHALLENGES AS A RESULT OF COVID-19 AND MARKET CONDITIONS

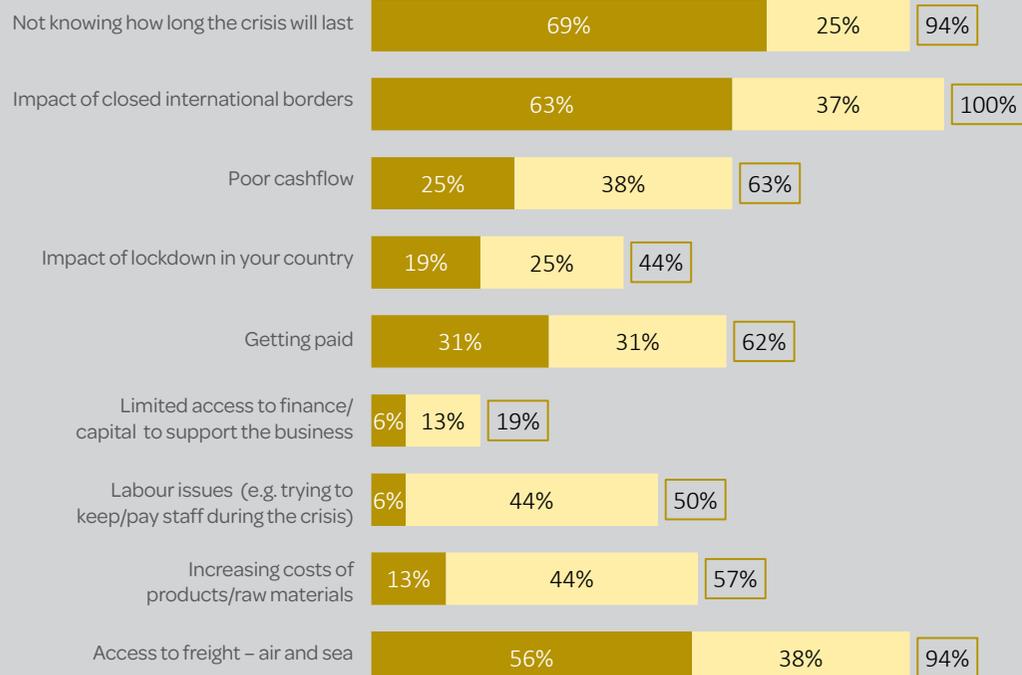
Towards the end of 2020, businesses in New Caledonia faced less challenges overall; however, they were significantly more challenged with access to freight compared to the Pacific Islands overall.



HOW CHALLENGING HAS YOUR BUSINESS FOUND THE FOLLOWING AS A RESULT OF COVID-19 AND THE CURRENT MARKET CONDITIONS?

## NEW CALEDONIA: WAVE 8-9

■ Very Challenging ■ Somewhat Challenging □ % Total challenging

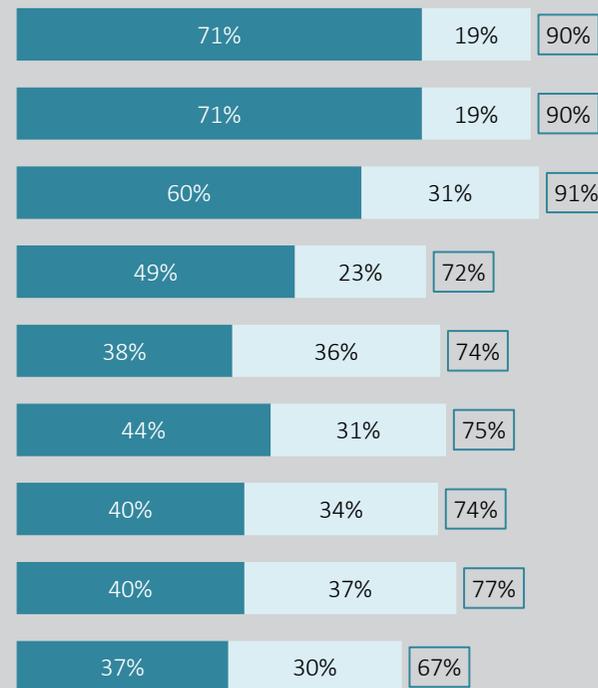


% Total challenging  
Wave 8-9 gap to  
Total Pacific Islands



## TOTAL PACIFIC ISLANDS: WAVE 8-9

■ Very Challenging ■ Somewhat Challenging □ % Total challenging

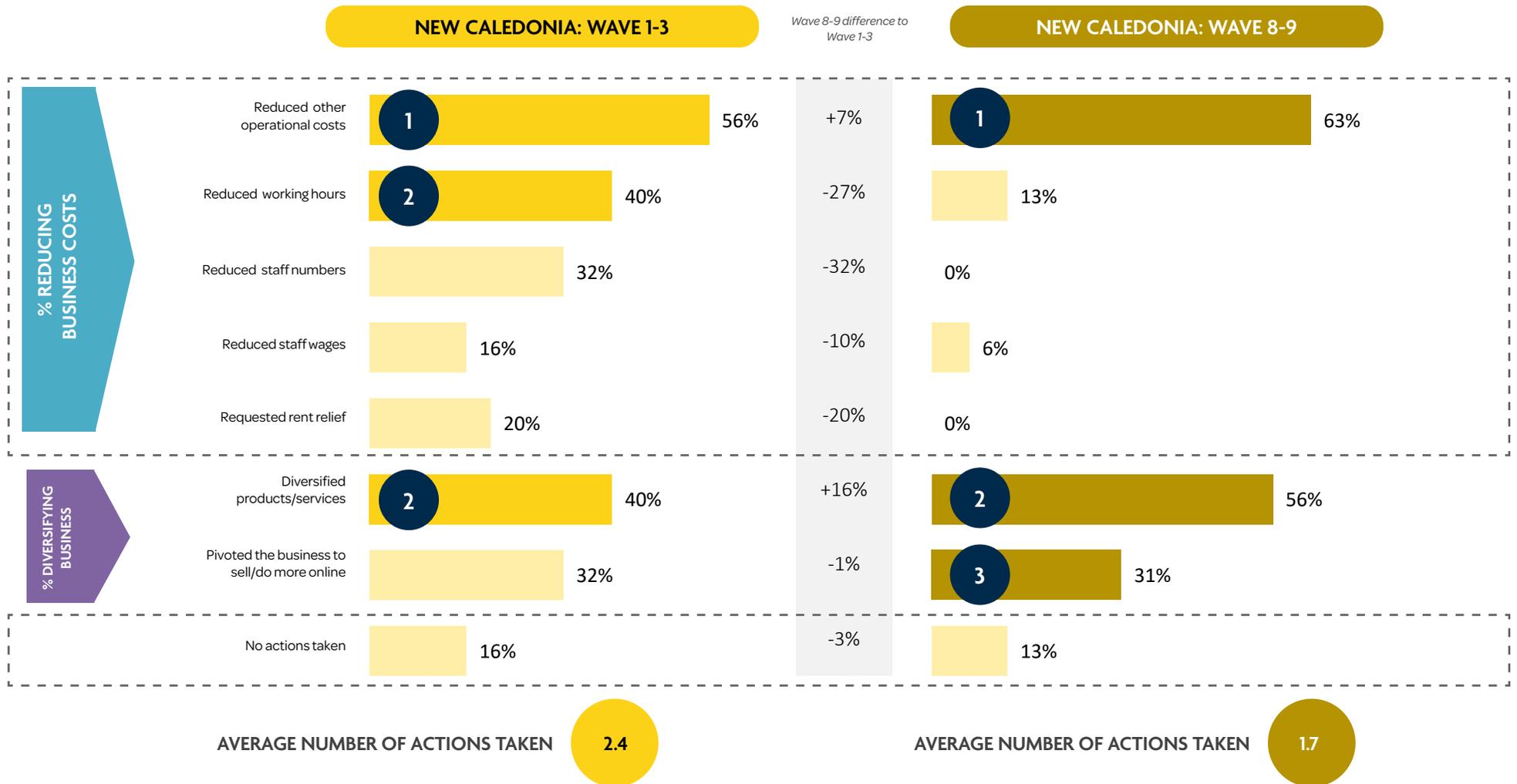


# ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

Towards the end of 2020, New Caledonia businesses were actioning less initiatives to reduce cost but had an increased focus on diversifying their business.

Q

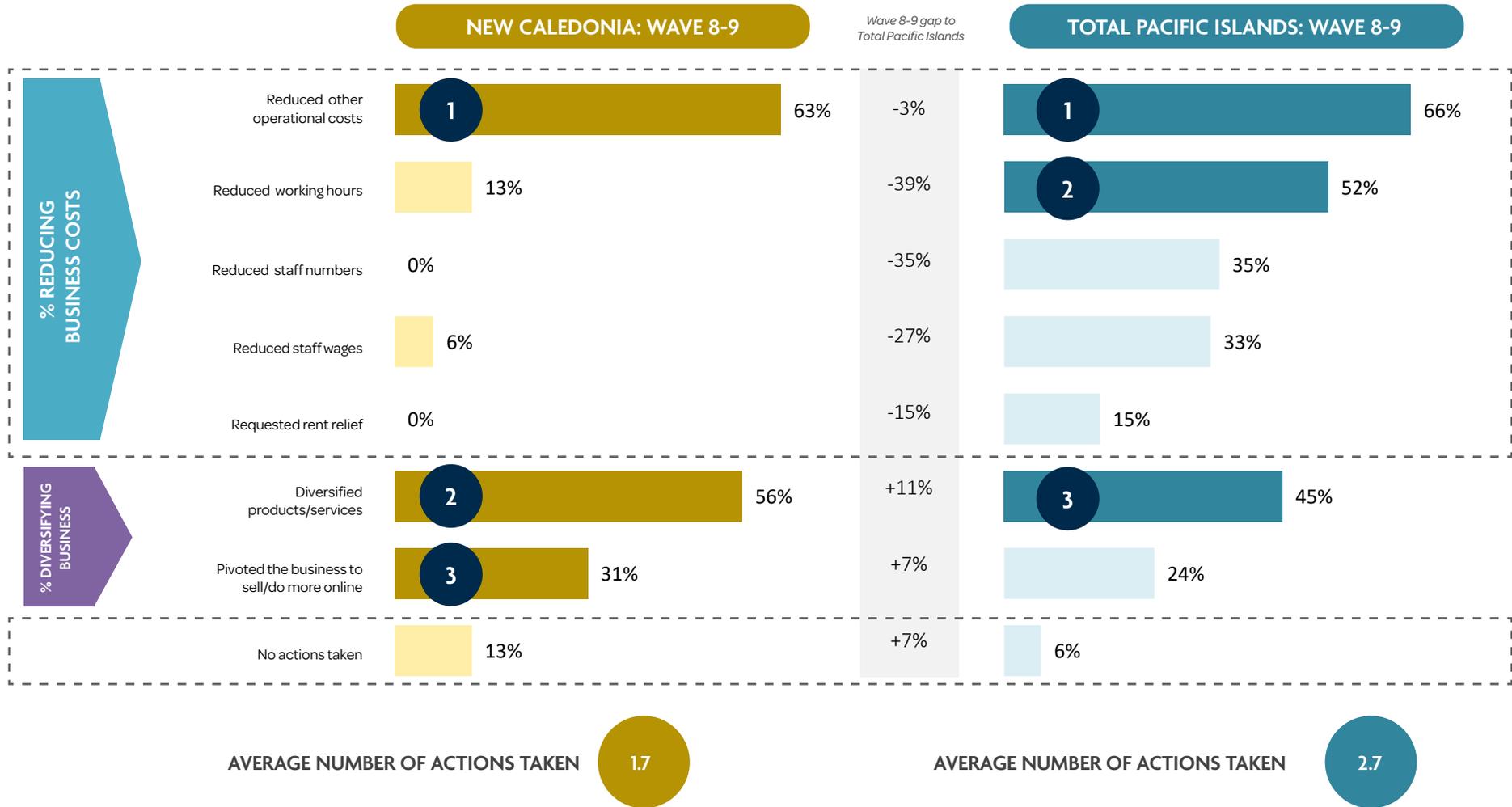
INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.



# ACTIONS TAKEN TO REDUCE COST AND DAMAGE TO BUSINESS DUE TO COVID-19

Towards the end of 2020, businesses in New Caledonia were taking less actions taken to reduce costs compared to Pacific Islands overall as they had less revenue loss to compensate for.

**Q** INDICATE THE ACTIONS YOUR BUSINESS HAS TAKEN TO REDUCE THE COST & DAMAGE TO YOUR BUSINESS DUE TO THE COVID-19 CRISIS.



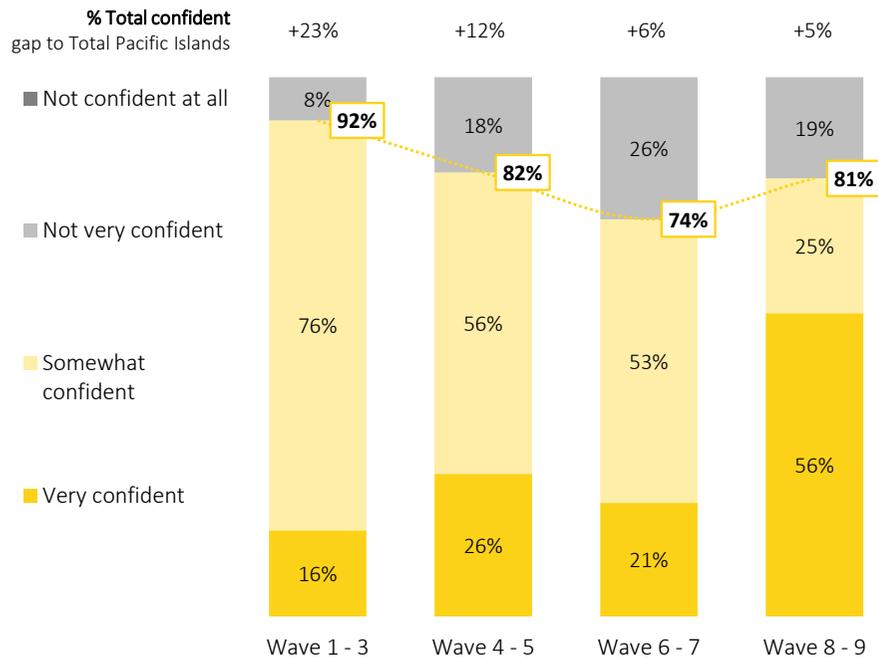
# CONFIDENCE IN BUSINESS SURVIVAL

Businesses in New Caledonia saw a significant jump in confidence at the end of 2020, with 56% now very confident that they will survive the COVID-19 crisis.

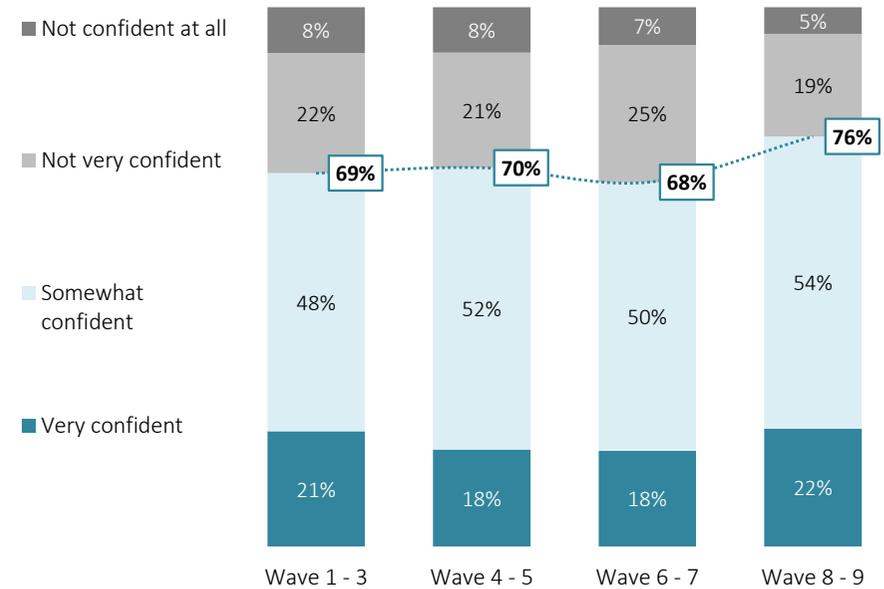
Q

HOW CONFIDENT ARE YOU THAT YOUR BUSINESS WILL SURVIVE THE COVID-19 CRISIS?

## NEW CALEDONIA



## TOTAL PACIFIC ISLANDS



..... % TOTAL SATISFIED WITH GOVERNMENT RESPONSE

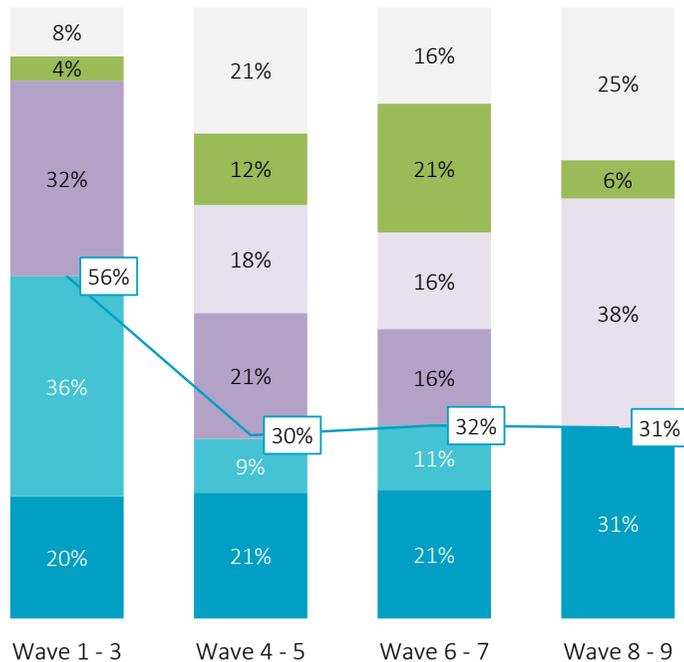
# TIMEFRAME OF BUSINESS SALES/REVENUE RETURNING TO BUSINESS AS USUAL

Businesses in New Caledonia expect to return to usual revenue levels earlier than the Pacific Islands overall. By the end of 2020, revenue of nearly a third of businesses in New Caledonia had already returned to pre-COVID-19 levels and 38% expect to return by the end of 2021.

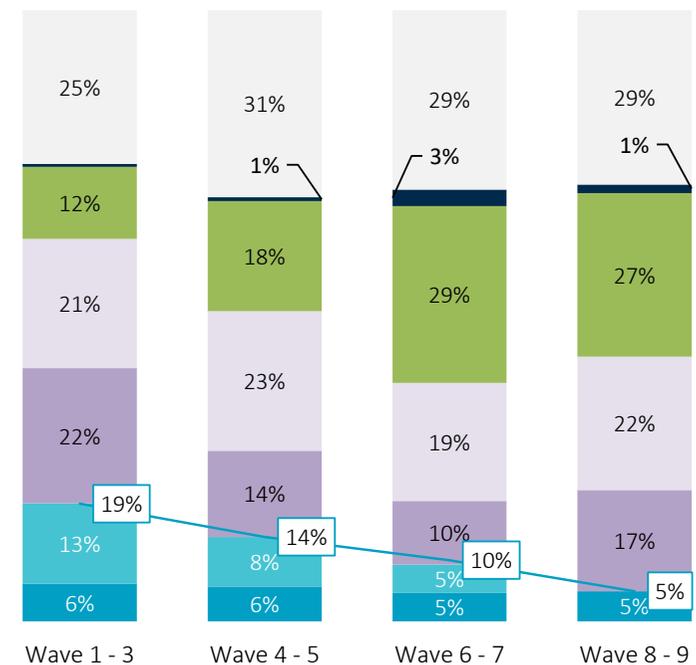
Q

WHEN DO YOU BELIEVE YOUR BUSINESS SALES/REVENUE WILL RETURN TO PRE-COVID-19 LEVELS?

## NEW CALEDONIA



## TOTAL PACIFIC ISLANDS



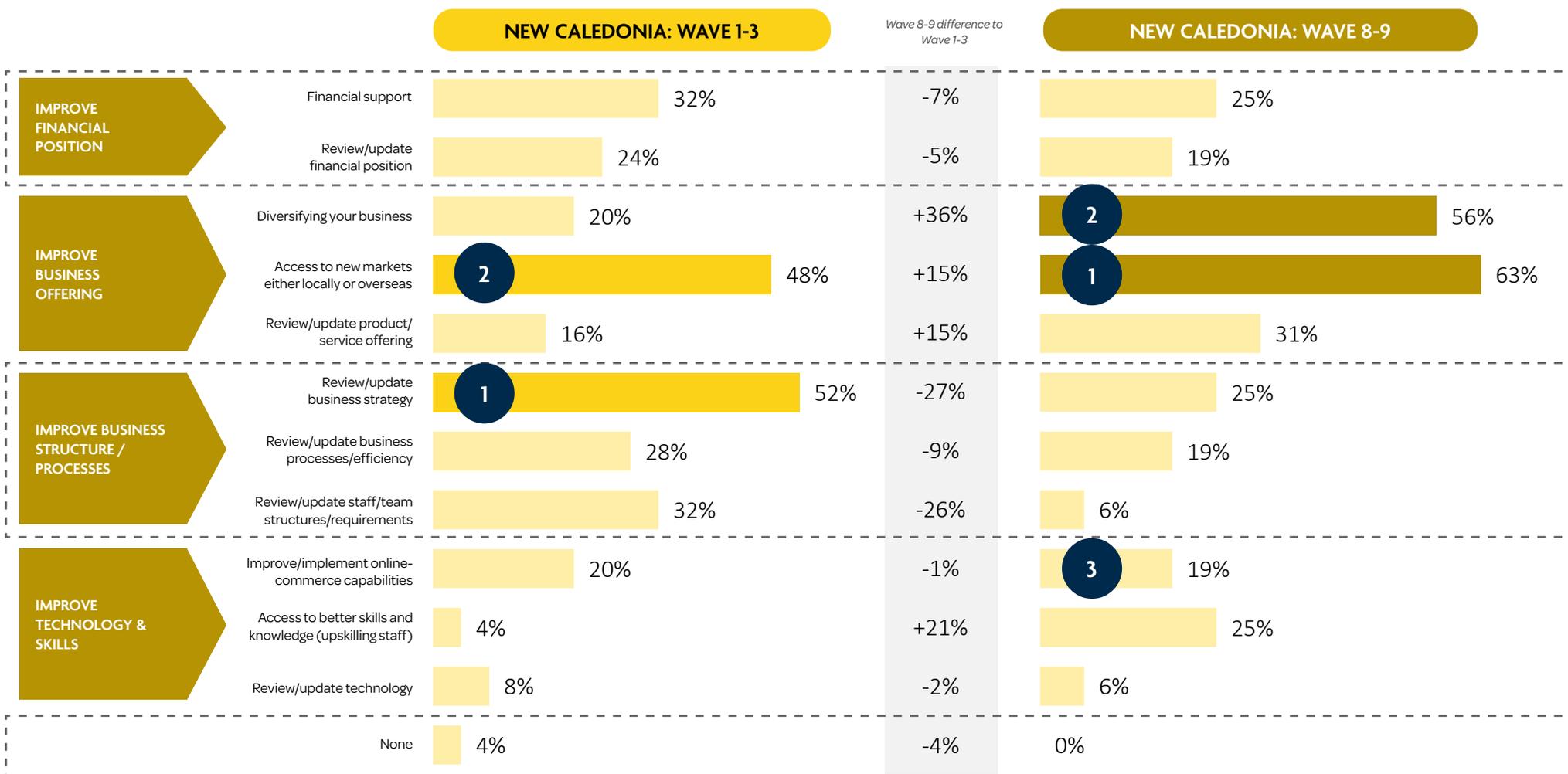
TOTAL RETURNED TO PRE-COVID LEVELS BY END OF 2020

# TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

Moving forward, businesses in New Caledonia are looking to access new markets and diversify their business to generate income as borders remain closed.

Q

WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?



# TOP 3 INITIATIVES NEEDED TO SUPPORT BUSINESSES

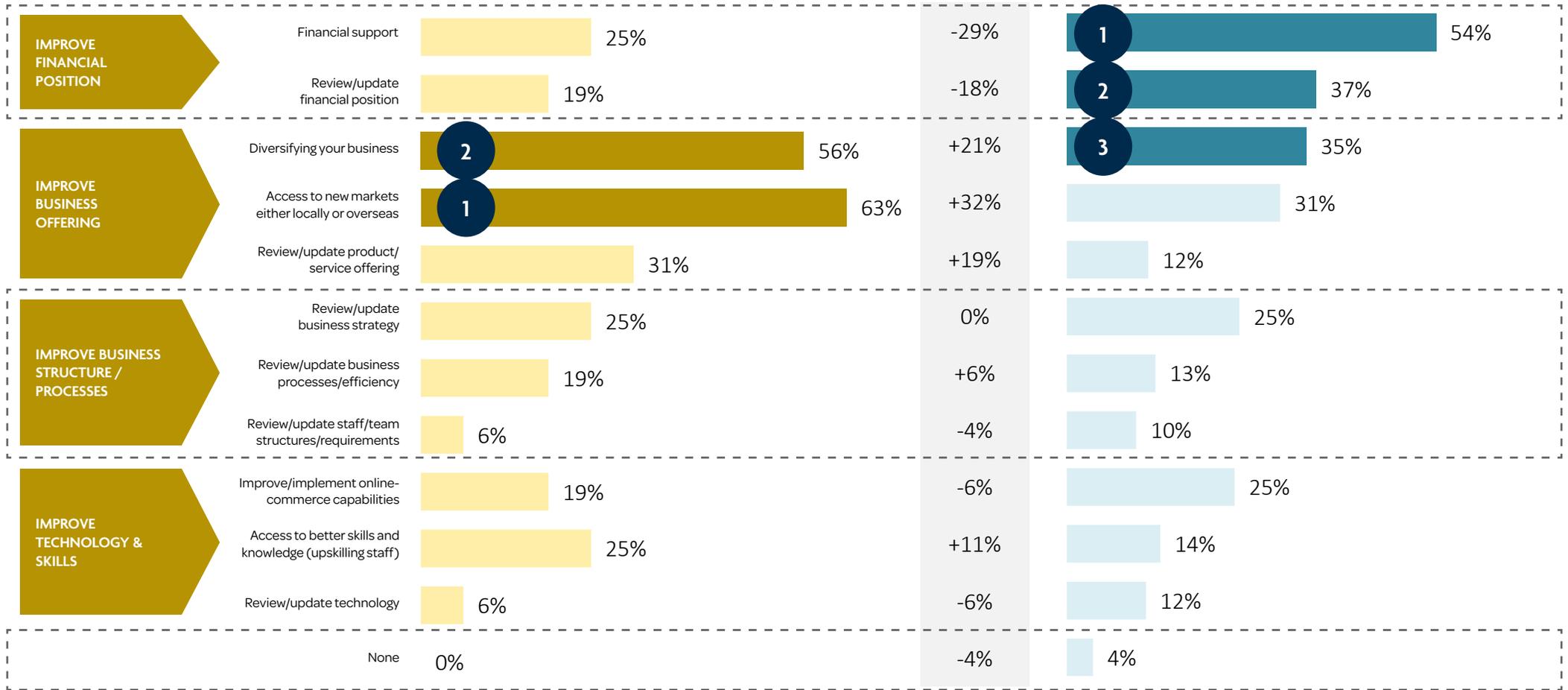
Compared to the Pacific Islands overall, businesses in New Caledonia are less likely to seek financial support as their revenue has been less impacted, and they are more likely to seek growth opportunities from diversification and new markets.

**Q** WHAT ARE THE TOP THREE INITIATIVES THAT YOU NEED TO ACTION TO SUPPORT YOUR BUSINESS NOW?

## NEW CALEDONIA: WAVE 8-9

Wave 8-9 gap to Total Pacific Islands

## TOTAL PACIFIC ISLANDS: WAVE 8-9

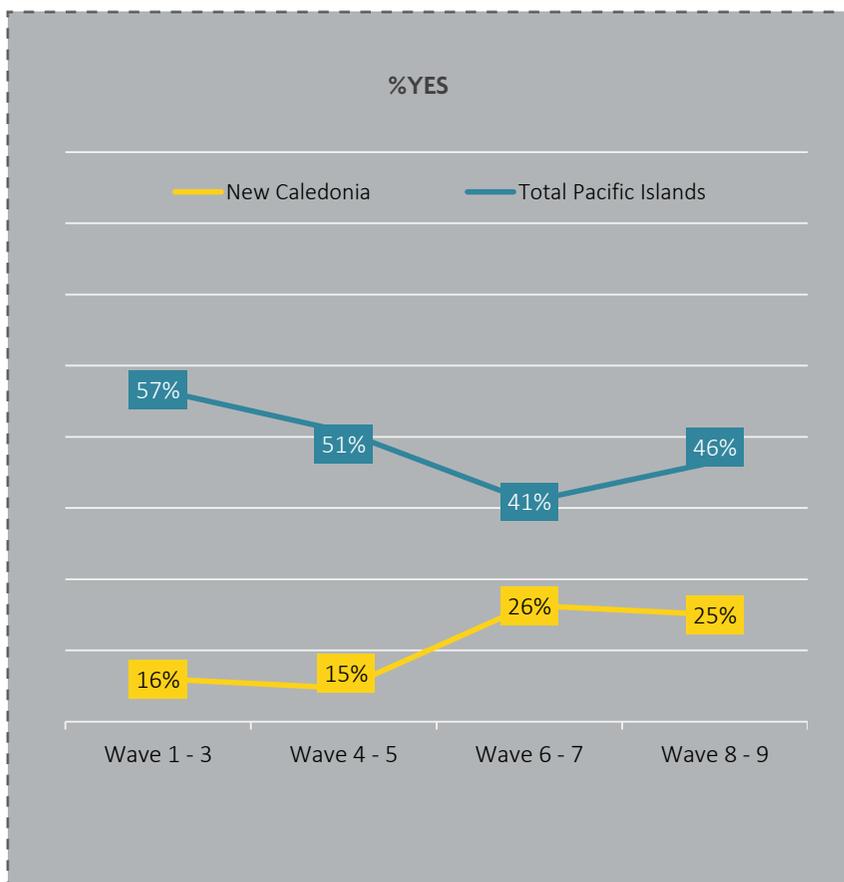


# BARRIERS TO ACTIONING INITIATIVES

The proportion of businesses in New Caledonia facing barriers to actioning these initiatives increased towards the end of 2020. A quarter of businesses in New Caledonia are now experiencing barriers, although this is much less than the Pacific Islands average.

Q

IS ANYTHING PREVENTING YOU FROM ACTIONING THESE INITIATIVES?



Q

WHAT IS PREVENTING YOU FROM ACTIONING THESE INITIATIVES?

"The poor economic and political current environment."

- **SME, Wholesale Trade, New Caledonia**

"The lack of technical support from the Southern Province which wastes its time supporting amateurism."

- **SME, Agriculture, Forestry & Fishing, New Caledonia**

"Lack of cash."

- **SME, Agriculture, Forestry & Fishing, New Caledonia**

"Not been able to travel to our markets."

- **SME, Professional, Scientific & Technical Services (e.g. legal/accounting services, engineering), New Caledonia**

"The fact that borders are closed and due to quarantine upon arrival in New Caledonia (waste of time and expensive as it is charged to companies (i.e. Engineers who come for specific training or maintenance))."

- **SME, Healthcare & Social Assistance, New Caledonia**

"Logistical problems getting supplies via sea freight."

- **SME, Manufacturing, New Caledonia**

"Regulation about the work from home or office. Banks should be of better support."

- **SME, Information, Media & Telecommunications, New Caledonia**

"Red tape."

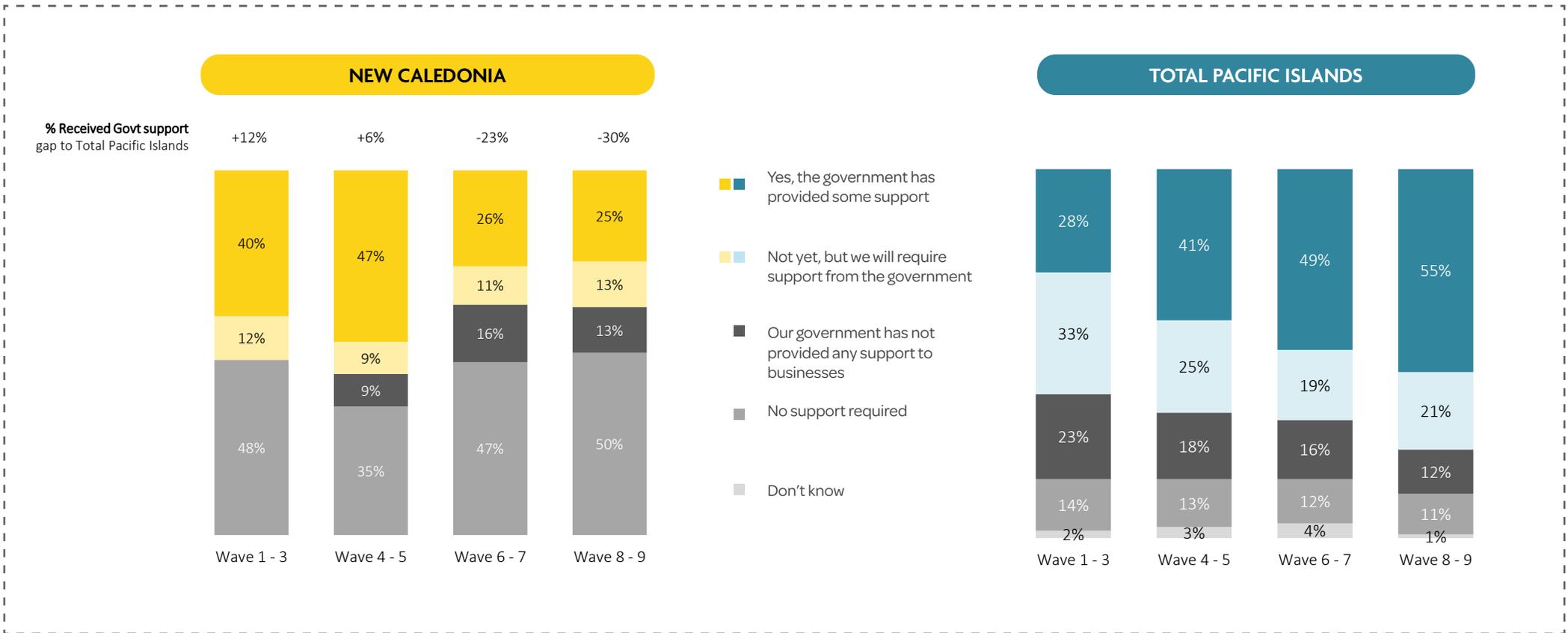
- **SME, Healthcare & Social Assistance, New Caledonia**

# ACCESS TO GOVERNMENT SUPPORT DURING COVID-19 CRISIS

Positively, half of all businesses in New Caledonia report that they do not require government support, much higher than the Pacific Islands average of 11%.



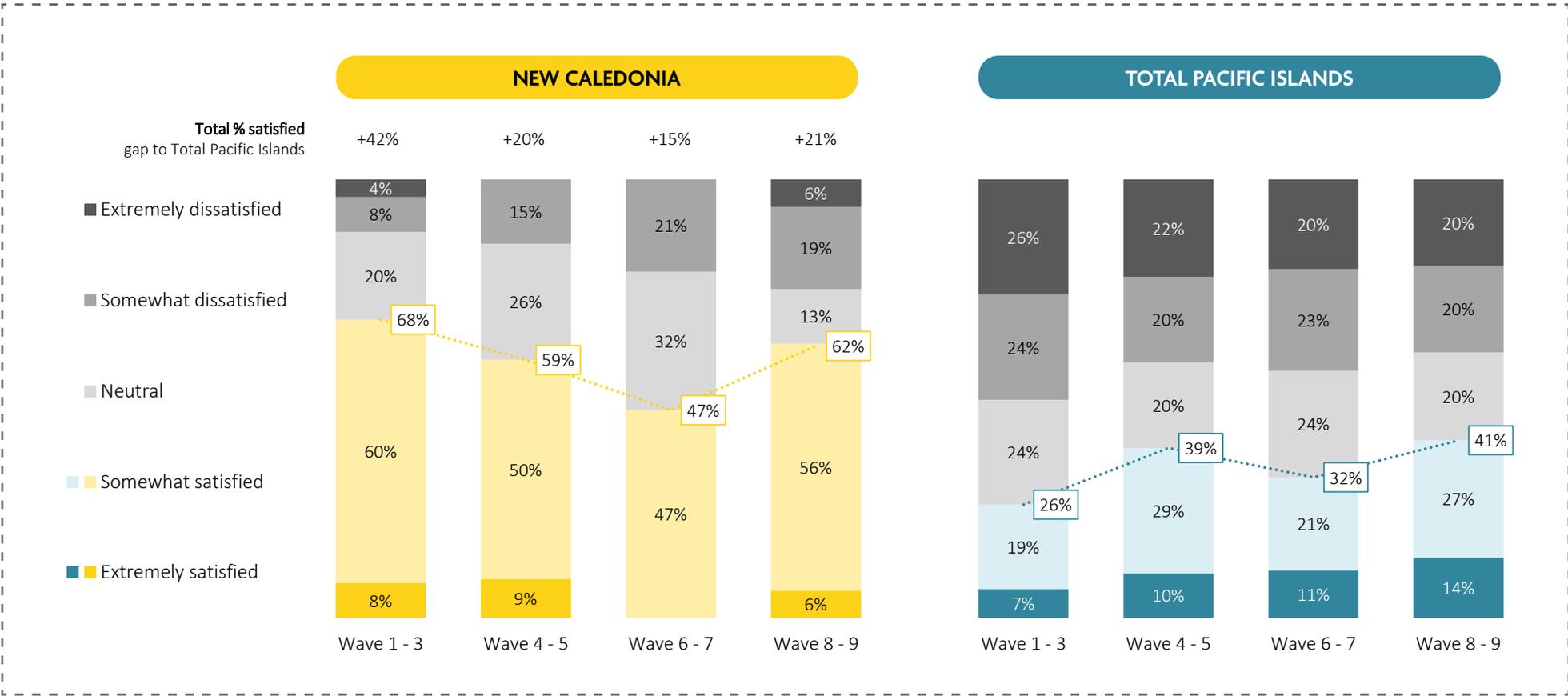
HAS YOUR BUSINESS ACCESSED ANY SUPPORT FROM YOUR GOVERNMENT TO HELP YOU THROUGH THE COVID-19 CRISIS?



# SATISFACTION WITH GOVERNMENT SUPPORT

Satisfaction with the government's support in New Caledonia is higher than average, with 62% satisfied at end of 2020.

**Q** HOW SATISFIED ARE YOU WITH THE WAY YOUR GOVERNMENT HAS SUPPORTED YOUR BUSINESS THROUGH THE COVID-19 CRISIS?



..... % TOTAL SATISFIED WITH GOVERNMENT RESPONSE

# RESEARCH METHODOLOGY



## WHO DID WE SPEAK WITH?

MORE THAN

**110**

COMPLETED  
SURVEYS PER WAVE

All respondents are key influencers or decision makers in their business. All businesses are based in the Pacific Islands.

**N=94**

TOTAL COMPLETED  
SURVEYS FROM NEW  
CALEDONIA



## HOW DID WE SPEAK WITH THEM?

**8**

MINUTE

QUANTITATIVE  
ONLINE SURVEYS



## WHEN DID WE SPEAK WITH THEM?

**9**

WAVES

IN 2020

Online responses were collected over nine waves between 18 May–13 December 2020.

## 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.

## ACKNOWLEDGEMENTS

The PTI Network would like to thank all the Pacific businesses that took part in the Pacific Business Monitor Surveys, and on-the-ground partners for their ongoing support and who shared the surveys through their networks.

## DISCLAIMER

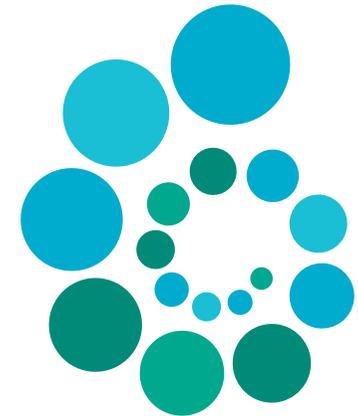
The information presented in this report is based on responses received by research company Fifth Quadrant from surveys administered from 18 May–13 December 2020.

## FOR FURTHER INFORMATION

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# Pacific Trade Invest

