GRIFFITH UNIVERSITY | GRIFFITH ASIA INSTITUTE

Pacific Trade Invest

# Driving economic resilience: Pacific Trade Invest's decade of progress

Luke Houghton

## PROGRESS REPORT 2024

# CONTENTS


Introduction 2

Methodology 4

Findings Overview: High Level Summary of Results 6

Finding 1: Positive Changes Over the Last Decade for Blue Pacific Businesses 8

Finding 2: Challenges That Have Persisted Over the Decade 2014–2024 11

Finding 3: Persistent Problems Over Time – Breakdown by Industry 13

Finding 4: The Ongoing Problem of Supply Chains – Comparative Analysis 16

Finding 5: Difficulties in Accessing Resources Needed for Ecommerce Value Creation 18

Finding 6: Pricing Difficulties in Using Ecommerce 19

Finding 7: Access to Markets 21

Finding 8: The Future of the Blue Pacific – Rising Trends and Challenges 22

Conclusion 29


# ABOUT THIS PUBLICATION

This progress report highlights the advancements made in the analysis of the Pacific Islands Export Survey data over the past decade. It highlights the unique insights derived from the comprehensive data and underscores the significant milestones achieved by Pacific Trade Invest (PTI) Australia. Marking the 10-year anniversary, the longitudinal case study documents the pivotal role of PTI Australia in fostering export growth and economic development in the Pacific region.

The findings, interpretations and conclusions expressed in this paper are those of the author(s) and should not be attributed to Griffith University or affiliated organisations.

For more information, email gai@griffith.edu.au or visit our website at griffith.edu.au/asia-institute.

Cover image | Kava bowls (Shutterstock)

Images sourced from Shutterstock and Pacific Trade Invest.


© 2024 Griffith University

All rights reserved.



To be cited as: Houghton, Luke, 2024, *Driving economic resilience: Pacific Trade Investment's decade of progress*, Griffith Asia Institute, Queensland, Australia. https://doi.org/10.25904/1912/5665


# Introduction

Conducted by Pacific Trade Invest (PTI), the Pacific Islands Export Survey is a biennial series of export-focused surveys that provide insight into the opinions, activities and challenges of exporters in the Blue Pacific. Over the past decade, the survey has been conducted by Fifth Quadrant, an independent research agency, with the support of the Pacific Islands Forum Secretariat (PIFS) and the Australian Government.

The survey is targeted to people who generate products, goods and services to sell to people from other regions, as well as in their own country and region. This includes people who are business professionals, tourism operators, people in the agriculture sector, and retailers and wholesalers.

For the past 10 years, this survey has collected data from exporters that provides valuable insights into areas of improvement, trends and market dynamics, and problems faced by exporters in the Blue Pacific.

Some of the information the survey provides include the following:

- Export-level insight into the market dynamics of the region.
- Understanding how unprepared Pacific Island Countries can be for disasters, such as extreme weather events or the COVID-19 pandemic, and the impacts these events have on business performance and competitiveness.
- Helps to determine the usefulness of trade agreements.
- Identifying problems and opportunities for exporters.
- Insight into ecommerce value creation in the Blue Pacific.
- Assistance with the development of new target market areas and the development of new business opportunities.

The Pacific Islands Export Survey helps businesses and policymakers understand the challenges and opportunities faced by exporters in the region. The survey collects data from businesses about their export activities, the markets they serve, and the barriers they encounter, such as access to finance, supply chain issues, and capacity constraints. By tracking these trends over several years, the survey identifies changes in the export landscape, such as the growth of ecommerce, or the impact of events such as the COVID-19 pandemic or extreme weather. This information is then used to develop critical support programs that help businesses overcome challenges and increase their competitiveness. The survey also serves as a benchmark to measure how businesses are performing over time, providing valuable insights that guide decision-making and improve export success in the Pacific Islands. It is a key tool for fostering business growth in the region.

Over the past decade, PTI has been surveying the Blue Pacific region through its biennial Export Survey. This data provides a vital window into the activities and the opinions of exporters in the Pacific Islands, a region that has faced numerous challenges impacting its business growth, development and profitability. These include limited infrastructure in agriculture, constraints in employment opportunities, and the lack of development of a competitive landscape in ecommerce. High-speed internet has only recently become available in select parts of the Pacific, making ecommerce value creation almost impossible until recently. Since COVID-19, there have been many challenges for businesses and employability and labour mobility in the region remain difficult to navigate. Despite these obstacles, there has been support within local communities for businesses aimed at fostering growth and prosperity in the region.

As part of the PIFS, PTI is entrusted with the mission to drive trade and investment that promote sustainable economic growth. The agency focuses on empowering businesses ready for export and investment, by enhancing their capabilities and connecting them with potential importers and investors worldwide. PTI's efforts contribute significantly to the broader vision of the PIFS – creating a region characterised by peace, harmony, security, social inclusion, and prosperity. This vision aligns with the United Nations Sustainable Development Goal 8, which aims for decent work and economic growth for all.

The operational framework of PTI is supported by the governments of Australia, New Zealand, and China, reflecting a collaborative approach to fostering economic development in the Blue Pacific. Through its dedicated work, PTI helps businesses thrive, thereby contributing to the wellbeing and productivity of Pacific peoples. Specifically, PTI assists in enhancing the export capabilities of businesses, providing market intelligence and improved access to international markets by helping businesses navigate regulatory requirements and establish strong trade links. PTI plays a key role in attracting and facilitating investment within the Blue Pacific region, supporting tourism development, and conducting key research initiatives such as the Pacific Business Monitor and the biennial Pacific Islands Export Survey. These efforts gather crucial data on the needs, challenges, and opportunities facing Pacific businesses, informing strategies to enhance regional economic development, digital transformation, and market access.

The following sections contain a breakdown of key findings in the surveys conducted between 2014 and 2024. The report discusses the positive changes, the persistent challenges and the emerging issues that have been identified over this 10-year period. The second part of the analysis looks at ongoing challenges that still require funding and support, including some of the most high-risk areas that make these businesses vulnerable. The report highlights some of the progress made, but also points out the ongoing challenges of doing business in the Blue Pacific, and the region's businesses most urgent needs.

With the decade's worth of data collected from PTI, this report analyses the results across various years, and develops a model to explain and explore the key problems encountered in business development in the Blue Pacific. The first half of the explores the progress and positive points over the last 10 years. The second half digs deeper into the challenges faced by businesses in the Blue Pacific and explores complex reasons why these difficulties exist. The report concludes with some suggestions or recommendations on areas that need further exploration and improvement over the next decade, the following section shows the positive trends that have emerged in the past decade.

# Methodology

As mentioned above, PTI sends out its Export Survey to Pacific exporters survey on a biennial basis. Given there are 10 complete surveys, the following methodology was applied to analyse the data and look for consistent patterns over the decade the survey has been conducted. The PTI Export Survey was analysed using a series of structured quantitative and qualitative approaches. Structured surveys with predefined answer choices enable the collection of quantifiable data on issues such as those listed below. While the results are not consistent across the decade, they are the most commonly asked questions, and Table 1 demonstrates each question and how it was asked.

Each year, a summary of the survey results are published, but this is the first time this data has been explored longitudinally. With each survey, some descriptive statistics are available with some analysis conducted on the responses to that data. In order to dig a little bit deeper and see the trends over the 10 years, different statistical methods have been employed to ensure the survey results are consistent and representative of how the participants answered those surveys over that decade.

## Statistical Methods Used

The survey methodology employed over the years has been a combination of structured quantitative and qualitative approaches, allowing for a comprehensive analysis of challenges facing Pacific Island businesses. Structured surveys with predefined answer choices enabled the collection of quantifiable data on issues such as access to finance, supply chain disruptions, and ecommerce. Open-ended questions complemented this by capturing qualitative insights, providing a deeper understanding of respondents' experiences with these barriers. By conducting the surveys longitudinally, we tracked these challenges over multiple years (from 2014 to 2024 inclusive), identifying persisting and emerging trends, such as the consistent mention of supply chain issues and the growing impact of extreme weather events.

Data analysis was performed using descriptive statistics, by looking at frequencies and percentages to describe survey responses over different years. This helped us to understand key issues, such as specific barriers; for example, access to finance.

Summaries of the key variables were presented, such as the counter of respondents. Trend analysis was used to look at the trends over time, tracking the rise or decline in barriers over the period. As such, certain graphs and charts were constructed using MATLAB (a data analysis and modelling package) to visually represent these changes over time.

To assist in the understanding of the longitudinal data, trend analysis was applied to map and understand and explore the different trends that have emerged over the past decade. Broadly speaking, these challenges have been grouped into two categories: positive changes, and persistent challenges, both of which will be discussed later in the report.

Correlation coefficients were used to understand the relationships between different variables and how they affected each other, especially between items such as operational decisions and other performance metrics (export revenue, for example). The use of these correlations help to illustrate how business practices and challenges are related across different sectors and the effects they have on each other.

Cross-tabulation was used to compare different survey responses by industry and over time. Using this technique allows the breakdown and analysis of percentages of businesses from specific sectors, which experience different challenges (for example, comparing supply chain issues in Tourism, versus in manufacturing).

Comparative analysis was applied to compare and contrast different responses from different years, allowing the highlighting of differences between periods and identifying persistent, emerging, and rising challenges and improvements over time.

Finally, open-ended qualitative responses were coded and categorised thematically (for example, verbatim quotes by respondents expressing concerns about finance or skilled labour). This provided context that helped to identify the most common themes across the years and provided excellent support for the quantitative survey results.

A key feature of this methodology was the focus on cross-industry comparisons, allowing us to see how challenges like labour shortages or infrastructure problems affected different sectors such as Tourism and manufacturing. The use of correlation analysis further explored relationships between operational factors and business outcomes, such as how market entry strategies impacted export revenue growth. The data was then organised thematically, grouping findings into persisting, positive, and emerging challenges, with clear identification of anomalies such as sharp increases in political unrest, or supply chain disruptions in specific years. This structured approach ensured that the insights generated were actionable and relevant to stakeholders across the Pacific business community.

The questions in the surveys conducted from 2014 through to 2024 underwent some changes, but the table below shows the most common questions that persisted over time, which we used for analysis. Questions that did not appear in all the surveys were also analysed, but the amount of data able to be extracted from this was limited; for example, a question might have appeared in 2014, but did not appear in any other years. Where possible, these questions have been normalised, and created into a single dataset to allow for analysis. The questions in the table below are ones that were asked in every survey in broadly the same way:

| Question Category | Survey Question |
|---|---|
| Revenue Generation | Does your company generate revenue through the export of goods or services to clients in other countries (including ecommerce exports)? |
| Revenue Generation | Does your company generate revenue via bookings/purchase of services made overseas by international visitors (tourism)? |
| Revenue Generation | Does your company generate revenue from in-country spend by international visitors? |
| Key Decision Makers | Can you confirm that you are a key decision maker or influencer within the business? |
| Ownership Structure | Please indicate which of the following best describes the ownership structure of your business. |
| Location of Operations | In which Pacific Island country is your main base of operations? |
| Main Export Activity | What is the main export activity of your organisation? |
| Employee Numbers | Including yourself, how many employees does your company directly employ? |
| Employee Numbers | Do you think the number of employees in your company will increase, decrease, or remain the same? |
| Export Barriers | What do you consider to be the main barriers to exporting or selling your products or services? |
| Forms of Assistance Needed | What forms of assistance would encourage you to increase your export activity? |
| Duration of Exporting | How long has your business been exporting? |
| Export Revenue | What percentage of your revenue comes from export orders or overseas visitors? |
| Change in Export Orders | Have your export orders increased, decreased, or stayed the same over the past 12 months? |
| Change in Export Orders | Do you expect export orders to increase, decrease, or stay the same over the next 12 months? |
| Geographic Export Markets | From which geographic areas did your company generate export revenue over the past 12 months? |
| Target Markets | What new markets will you target over the next 3 years? |
| Initiatives for Increasing Export Revenue | What initiatives has your organisation actioned to increase export revenue over the past 12 months? |
| Ecommerce and Online Channels | Which online channels does your business use to generate export revenue? |
| Ecommerce and Online Channels | How has your ecommerce activity changed over the past 12 months? |
| Free Trade Agreements | Do you benefit from any Free Trade and Economic Partnership agreements? |
| Impact of Extreme Weather | Have any extreme weather patterns impacted your business over the past 12 months? |
| Impact of Extreme Weather | How have these extreme weather events impacted your business? |
| Access to Finance | Is it difficult for your business to obtain finance? |
| Impact of Political Conditions | Have political conditions in target markets impacted your business? |
| Gender and Social Inclusion | How familiar are you with the concepts of gender equality, disability inclusion, and social inclusion? |
| Gender and Social Inclusion | To what extent has your business implemented policies to promote gender equality, disability inclusion, or social inclusion? |

*Table 1: Questions from the survey*

# Findings Overview: High Level Summary of Results

## Resilience

A striking finding is the level of resilience and support throughout the region in response to difficulties faced. The way in which businesses must deal with droughts, cyclones, and many other disruptions is both a testament to the resilience of Pacific peoples, and to the support provided by organisations such as PTI. The major findings of both core support areas and areas for future development are listed below. This is a comprehensive overview of findings from all surveys from 2014 to 2024:

### 1 Access to Finance

Access to Finance: This has been a major issue over the years, particularly for smaller businesses, who often report difficulties in finding investment. Many respondents cited difficulties in securing capital or accessing banking services to support export activities. This challenge has been present across multiple industries, especially in Agriculture and Manufacturing.

Growth in Government Support: While finance remains a barrier, certain financial aid mechanisms such as government export grants and increased access to international investors were highlighted as emerging solutions by respondents in the later years.

### 2 Capacity Constraints

Infrastructure Issues: Capacity Constraints – particularly those tied to infrastructure and production capacity – have been a continuous problem. This includes a lack of equipment, manufacturing capacity and facilities, which affects businesses' ability to scale up operations.

Improved Business Processes: Some companies have reported making improvements in business processes to mitigate these constraints, with increased investment in technology platforms.

### 3 Supply Chain and Transport Logistics

High Costs & Inconsistent Shipping: Transport and logistics challenges, particularly high shipping and freight costs, are cited across all years. The Pacific's geographic isolation exacerbates this issue, making exports to Australia, New Zealand, and international markets both time-consuming and expensive.

Supply Chain Inconsistencies: Businesses also highlighted issues with inconsistent supply chains, delays, and difficulty accessing reliable routes. This has been a constant challenge, particularly during the COVID-19 pandemic and its aftermath.

### 4 Labour Shortages

Persistent Shortages: Labour shortages, especially of skilled labour, have been a critical challenge, mentioned consistently from 2020 to 2024 inclusive. The drain of workers to overseas seasonal programs, particularly to Australia and New Zealand, was a significant concern in the later years.

Seasonal Worker Programs: Many respondents expressed frustration with overseas labour programs, which have reduced the available workforce in the Pacific Islands and imposed additional training costs on businesses.

### 5 Ecommerce and Digital Barriers

Over the years, many businesses have increased their reliance on ecommerce, especially post-2020. This was largely driven by the pandemic, which accelerated the adoption of online platforms.

Digital Infrastructure Issues: Barriers remain, including poor internet connectivity, lack of access to ecommerce platforms, and difficulties setting up online payment systems.

### 6 Political Instability and Uncertainty

Political unrest and changes in government policies became a more pronounced concern in the latter part of the decade, particularly from 2020 onwards. This was especially relevant for businesses in Papua New Guinea and the Solomon Islands.

This political uncertainty has had a negative impact on business confidence, with some respondents citing difficulties in navigating regulatory changes.

### 7 Extreme Weather Events

Increasing Concern: The Pacific region has experienced an increase in extreme weather events such as cyclones, droughts, and rising sea levels. These events have affected businesses through damage to infrastructure, loss of crops, and increased insurance premiums.

Rising Impact Over Time: The percentage of respondents citing extreme weather events as a barrier has grown steadily over the years, reflecting the increasing impact of climate change on businesses.

### 8 Access to Markets

Difficult Market Penetration: Consistently across the surveys, businesses have mentioned difficulties accessing international markets due to various barriers, including import tariffs, lack of market knowledge, and complex regulations.

Improved Market Access Initiatives: While market access remains an issue, some respondents noted improved free trade agreements and market research efforts, which have helped to open up opportunities, particularly in newer export markets such as China and North America.

# Significant Disruptions and Noted Anomalies

COVID-19 Impact (2020 and beyond): The pandemic created a significant disruption in trade and export activities, which respondents referenced in terms of both negative and positive impacts. While some saw reduced demand and logistical nightmares, others adapted by pivoting to digital solutions and diversifying into new markets.

Government Support and Policy (Growth Area): In recent years, some respondents have seen increased support from government initiatives and trade promotion efforts, which has helped to offset some of the barriers around access to finance and market entry.

The Role of Climate Change: As extreme weather events and climate-related disruptions become more frequent, businesses are now factoring in these risks as a major challenge to sustainability. This could be an emerging area for further support and innovation.

In conclusion, access to finance, labour shortages, and logistical challenges have been persistent across the region. However, the growth in ecommerce and increased government support offers some optimism for the future. The key methodologies used to gather these insights – quantitative and qualitative survey responses – have allowed for a comprehensive understanding of both ongoing and emerging challenges in the Pacific business environment.

Across the survey years from 2014 to 2024, several anomalies stand out, highlighting unique trends or sudden shifts in business challenges across the Pacific region. Here is a breakdown by year:

## 2014 Survey Anomalies

- Focus on Access to Finance: In 2014, access to finance was overwhelmingly cited as a top barrier to business, with 68% of respondents reporting difficulties in obtaining necessary capital. This percentage was higher than in any subsequent years, possibly because businesses were still rebounding from the global financial crisis.
- Minimal Discussion of Ecommerce: At this stage, there was very little mention of ecommerce barriers or digital infrastructure. Businesses were still largely traditional in their operations, with a primary focus on export logistics rather than online sales.

## 2016 Survey Anomalies

- Rising Infrastructure Concerns: The 2016 survey showed a significant increase in respondents mentioning capacity constraints related to infrastructure and manufacturing. This was the first year that such a high percentage (65%) of businesses expressed concern over their ability to scale production or manage export demand due to inadequate infrastructure.
- Early Mentions of Labour Shortages: Labour shortages began to appear as a concern, although they were not yet dominant. This was linked to increased demand in international markets, but a lack of skilled workers to fill necessary roles.

## 2018 Survey Anomalies

- Supply Chain Issues Escalate: By 2018, supply chain issues became a more frequent concern, particularly in terms of high costs and unreliable logistics. This is one of the first years where the cost of logistics and transport (mentioned by 53% of respondents) significantly jumped in importance, signalling emerging difficulties in trade routes.
- Climate-Related Challenges Start Emerging: Although not yet a major theme, extreme weather events were beginning to be referenced more often by respondents, showing a growing awareness of climate change impacts on business operations.

## 2020 Survey Anomalies

- COVID-19 Impact Dominates: The 2020 survey, unsurprisingly, was marked by a dramatic shift in focus due to the COVID-19 pandemic. Nearly every business reported some form of disruption, be it a reduction in revenue, challenges in supply chains, or difficulties adapting to new business models. COVID-19 catalysed discussions around digital transformation, with a sharp increase in businesses mentioning the importance of ecommerce (33%).
- Labour Shortages Intensify: This year also saw a notable spike in mentions of labour shortages, with many businesses citing the loss of local labour to overseas seasonal worker programs in Australia and New Zealand.

## 2022 Survey Anomalies

- Climate Change Becomes a Major Concern: By 2022, extreme weather events became a top concern for businesses. Nearly 35% of respondents indicated that cyclones, droughts, and rising sea levels were having a direct impact on their operations, from damaging infrastructure to increasing costs.
- Political Unrest and Instability: This year marked the first significant mention of political unrest as a major challenge. Specific regions such as Papua New Guinea and the Solomon Islands were cited for having unstable political conditions that disrupted business operations.

## 2024 Survey Anomalies

- Digital Divide and Ecommerce Barriers Persist: Despite the growth in ecommerce seen in earlier years, 2024 revealed that many businesses (around 42%) still face major hurdles when it comes to digital infrastructure and ecommerce capabilities. Poor internet connectivity and limited access to digital payment solutions continued to hinder businesses' ability to grow online.
- Rising Costs of Supply Chains and Logistics: The cost of supply chains and logistics, exacerbated by global disruptions and increased fuel prices, surged in 2024. This barrier grew even more important, with 56% of businesses highlighting it as a key issue.
- Increased Focus on Sustainability: In the latest survey, there was a significant uptick in respondents mentioning the need for sustainable business practices to cope with environmental changes and market expectations. This was not mentioned as heavily in previous years.

## Noteworthy Anomalies Over Time

1. COVID-19 Disruption (2020): The most dramatic anomaly across all years was the COVID-19 pandemic, which shifted focus towards ecommerce and digital transformation while exposing the fragility of supply chains.
2. Rising Concern for Climate Change (2018–2024): While climate-related challenges were gradually increasing, the real acceleration came in 2022 and 2024, when extreme weather events significantly impacted businesses.
3. Labour Shortages Escalate (2016–2024): What began as an early issue in 2016 became a full-blown problem by 2024, with businesses struggling to find skilled workers due to the seasonal worker drain.
4. Political Unrest (2022 Onwards): From 2022, political instability became a more prominent issue in certain Pacific regions, highlighting regional disparities in business confidence.
5. Ecommerce Barriers Persist Despite Growth (2020–2024): Although many businesses moved online during the pandemic, persistent barriers, such as poor internet connectivity and limited digital payment systems, have remained significant roadblocks.

In conclusion, while some challenges (for example, access to finance, supply chain issues) have persisted throughout the decade, newer challenges (for example, extreme weather events, labour shortages) have escalated in recent years, with COVID-19 being the most significant disruptor. These anomalies demonstrate how external shocks and evolving business environments have reshaped the challenges faced by Pacific businesses over the years.

The following section provides a deeper dive into key findings over the years.

# Finding 1: Positive Changes Over the Last Decade for Blue Pacific Businesses

This section discusses the positive changes that have been garnered from the decade's worth of survey data. These include three key positive trends: improved access to finance, a reduction in capacity constraints across the region, and addressing skilled labour shortages, all of which have enabled businesses to thrive. These findings demonstrate a positive trend towards business growth and an increased ability to compete.

First, access to finance has become a lot easier for businesses in the Blue Pacific. This means many businesses have received better financial packages and have been able to thrive because of the support they have received.

Second, doing business has become easier for people in the Blue Pacific because capacity constraints – hindrances that stop people from building business capacity and from building their businesses – have drastically reduced over this period.

The third important positive trend for businesses in this region, is better access to skilled labour. When the survey was first conducted, this was a significant problem, but over time, respondents have reported it as reducing dramatically. Skilled labour shortages remain a problem, but programs that have been put in place by PTI have successfully increased the ability of businesses to access skilled labour.

Looking at data from 2014, lack of access to finance and key problems, as both were stunting business growth in the Blue Pacific. A significant amount of progress has been made since then, as demonstrated in the chart below. There's still

some way to go in assisting businesses to access finance. The following chart shows that in 2014, 139 of the 200+ respondents spoke about the difficulty of accessing finance; this has reduced considerably to only 81 respondents in 2024.

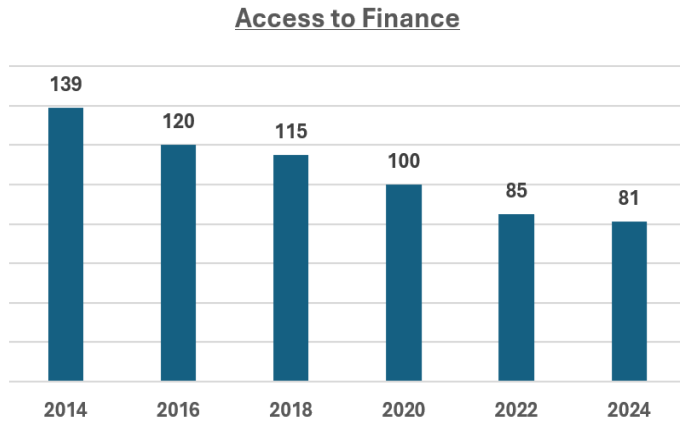



*Figure 1: Access to Finance 2014–2024*

The variable Access to Finance in the survey refers to how easily businesses can get the money they need, whether through loans, investors or other financial means, to grow and support their activities. If it is difficult to access finance, it can be challenging for companies to invest in new opportunities and handle unexpected costs. As will be demonstrated later in the report, this has become a critical issue for businesses in the Blue Pacific. There are variety factors that influence access to finance, but there has been a great slowing of business development in this area due to the ongoing impact of logistics and supply chain costs across the board, as will be discussed later in the report. On the surface this looks like good news, but there is still a large number of respondents, 81 out of the 200+ in 2024, stating they have problems accessing finance to grow and develop their businesses. Below is an example of a comment from a respondent in the Papua New Guinea (PNG) Agriculture sector:

> *"PNG does not have export assistance or export funds program to help or support exporters like the Australian Government has for its exporters."*

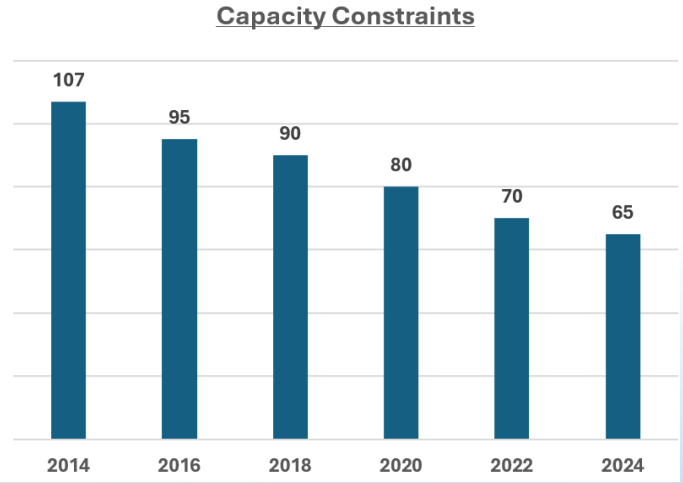



*Figure 2: Capacity Constraints 2014–2024*

The data above refers to the variable Capacity Constraints. This refers to the limits in terms of a business's ability to get the resources it needs to perform its core services. These constraints can slow down growth of a business and make it more difficult for them to meet supply-and-demand expectations in markets. While longitudinal data from the survey demonstrates improvements in capacity, such as infrastructure; access to finance and capital; regulatory and compliance issues; technological constraints and the use of the internet; financial constraints and disruptions to supply chains, remain issues as it relates to access to capacity.

A priority for Blue Pacific businesses is access to high-speed internet, to be able to facilitate value creation with ecommerce. This has been an ongoing problem in the Blue Pacific for more than a decade. Google is tackling this by investing $200 million in installing high-speed, high-bandwidth under-sea data cables, to help facilitate better trade and ecommerce in the Blue Pacific. Microsoft is also a partner in this program, so it is possible by the time the next survey comes around, this capacity constraint will be removed even further. For now, though, while the trend is down on previous years, there is still much to be done to develop a better type of capacity to value creation in the Blue Pacific. A large percentage of businesses in this region still report problems with capacity constraints. In addition, the 2020, 2022 and 2024 surveys consistently highlight frustrations with government regulations and the lack of support for micro, small, and medium enterprises (MSMEs). This suggests that regulatory and policy environments may not be aligned with the needs of businesses aiming to expand into international markets.

Below are some recent quotes from respondents in various sectors, which highlight the problems of capacity constraints:

### 2022

> *"We are facing major constraints on production due to the inability to recruit skilled staff locally, or import them due to immigration restrictions."*

(Manufacturing)

> *"Our main constraint is the lack of capacity in logistics and transport to meet the growing demand for our exports."*

(Agriculture)

### 2024

> *"Capacity constraints have worsened with the recent political instability, and difficulty in accessing raw materials."*

(Tourism)

> *"Production constraints are directly linked to staff shortages, and our current infrastructure is unable to support the scale of growth we are experiencing."*

(Manufacturing)

# Support during the pandemic

Significant disruptions during the pandemic and supply chains, export orders and other operational challenges were present. Workforce shortages and other operational costs put significant pressure on businesses in the South Pacific. There was also the health crisis to deal with and all the subsequent problems that lead to.

## How did PTI help during this time?

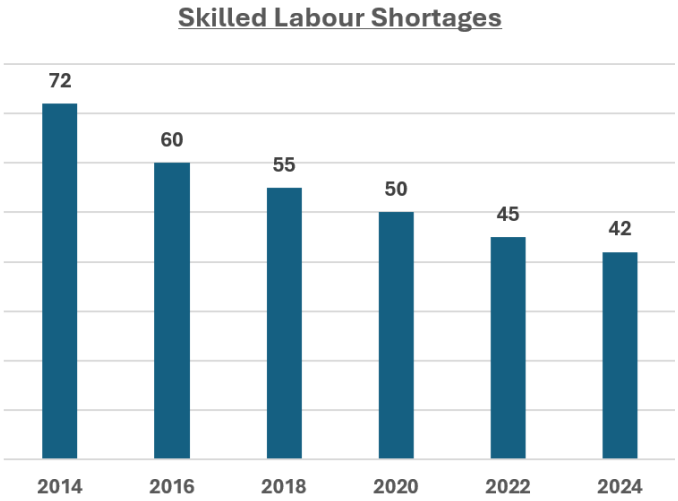



*Figure 3: Skilled Labour Shortages 2014–2024*

An important indicator of the influence of PTI in the Blue Pacific has been its efforts to facilitate the creation of skilled labour. While the survey results over the 10-year period show a positive trend, they also show that between 2018 to 2024, there was only a marginal increase in skilled labour.

Many respondents in the surveys still talk about the need for accessing skilled labour and the problem of not being able to scale up due to a lack of this labour. Therefore, even though it is a positive trend overall, there is not a strong-enough correlation to suggest that training and other kinds of initiatives are providing the solutions needed.

Below are some examples of quotes from respondents from the 2022 survey, which echo the problem, and open responses to the question about capacity constraints from the 2024 survey. Noting this are two sectors chosen randomly to demonstrate the problem:

### 2022

> *"Access to skilled labour either locally or overseas."*

> *"More flights into Vanuatu, better infrastructure like roads etc, relief with duty, freight, better supply chain, skilled labour and reduced cost of visas, permits to get talent into the country to support business and also invest & train locals."*

> *"New business and not as many political connections to right people in PNG I guess."*

### 2024

> *"Loss of farmers through the devastating labour drain being driven by Australia and New Zealand seasonal workers program, which aims to fix those country's labour shortages by imposing the problem onto our country and our labour-force."*

# Finding 2: Challenges That Have Persisted Over the Decade 2014–2024

This section discusses some of the challenges that have persisted over the decade. While these may have improved, there are still major challenges for businesses in the Pacific region. Some of these challenges include: training and capacity building including things like digital literacy programs, technical support with using digital technology to grow businesses, market research and intelligence, financial assistance, promotional support, and the most reported issue, which is logistics and supply chain management support.

The chart below demonstrates how responses to the survey have changed over the decade. The chart labels align with questions in the survey, shortened for readability. The bottom columns (in blue) demonstrate the negative responses from the 2014 survey; the figures above in orange show positive responses in 2024. This reveals the overall positive impact of interventions during the last decade. While there are still some issues, it is encouraging to see these problems are being managed effectively over time.

When considering the data in Figure 4, it is important to note the key trends. The chart demonstrates that while some barriers have persisted, others such as Access to Finance, and Capacity Constraints, have become less prominent over time. Meanwhile, some areas such as Documentation Required have decreased in importance. This visual helps compare the changing business landscape and the evolving challenges faced by respondents over a 10-year period.

One of the most consistent problems that has plagued businesses in the Blue Pacific has been supply chain management. In particular, many respondents continue to mention, and in an alarming fashion, difficulties with logistics and transport management, as shown in the chart below:

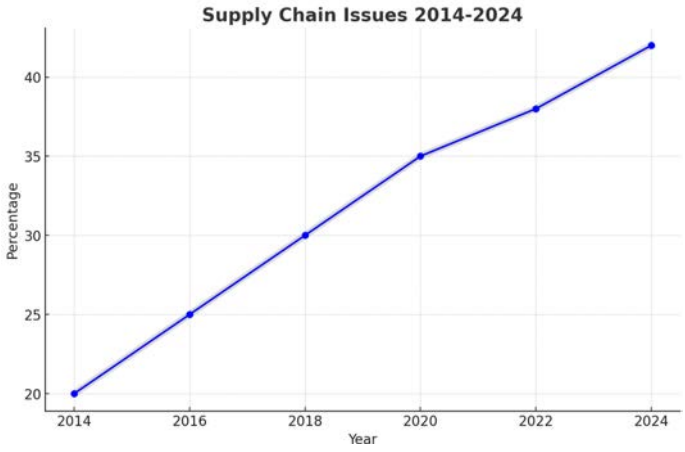



*Figure 5: Increasing Supply Chain Costs over time*

For example, the rising cost of supply chain logistics, which is mentioned later in the report, is related specifically to problems created by the bankruptcy of Air Vanuatu, as well as ongoing problems with the airline and transportation industry. However, this has been a persistent problem for more than a decade in the region and respondents are reporting that it is still a significant concern for them in the viability of their businesses.

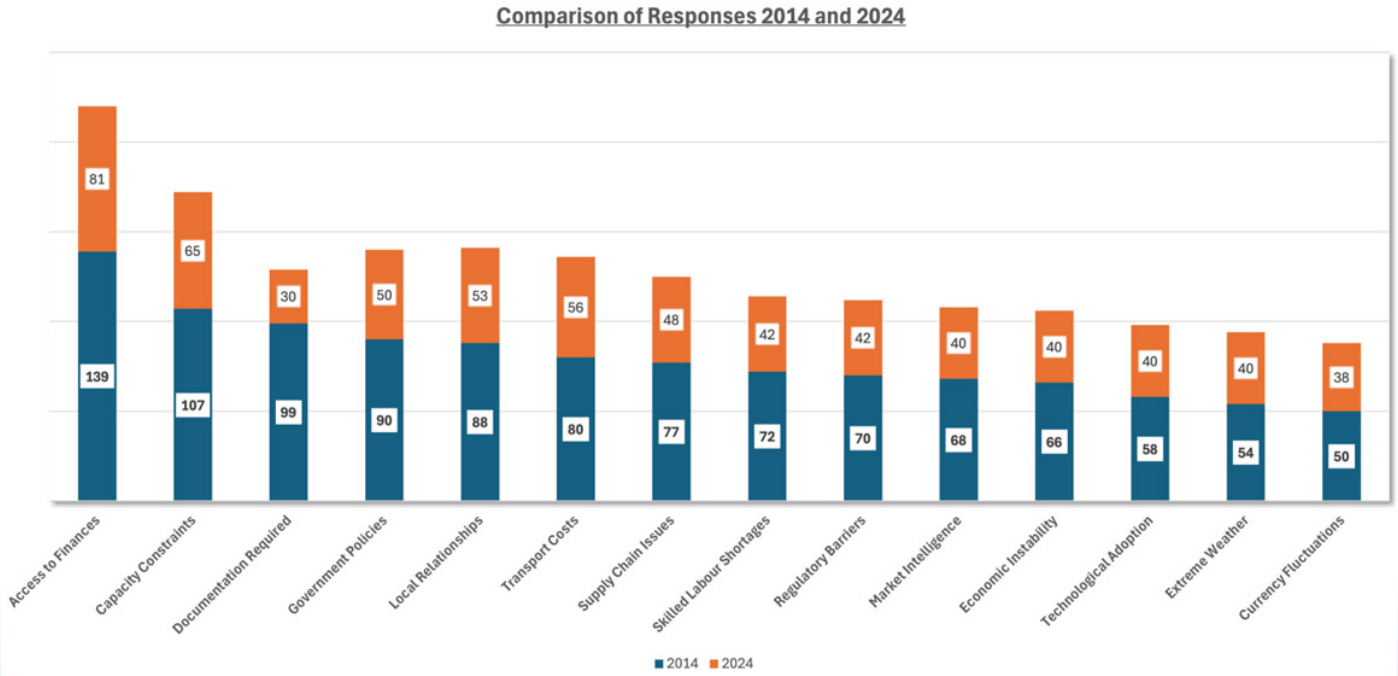



*Figure 4: Highest responses by category 2014–2024*

Flow-on effects include transport costs and issues around bringing labour into the Blue Pacific to facilitate trade. For example, the following table shows specific areas where respondents have asked for more support:

| Support Area | Description |
|---|---|
| Training and Capacity Building | Digital literacy programs. |
| Technical Support | Assistance with payment gateway integration. |
| Market Research and Intelligence | Insights into consumer behaviour and market entry strategies, including advertising platforms. |
| Financial Assistance | Grants, subsidies, and facilitating access to funding for ecom-merce adoption. |
| Partnerships and Networking | Collaborations with technology providers. |
| Promotional Support | Help with digital marketing campaigns. |
| Logistics and Supply Chain Support | Optimising logistics and facilitating cross-border shipping solutions. |

*Table 2: Key areas of support needed*

| Challenge | Responses |
|---|---|
| Cost of export (high fuel or transport costs of shipping routes) | 114 |
| Challenges with export logistics (interrupted, expensive ship-ping) | 100 |
| Challenges with supply chain (low, slow, or inconsistent supply) | 85 |
| Lack of marketing capability to attract overseas customers | 82 |
| Access to finances or capital to support export activities | 81 |
| Labour issues (unskilled labour, cost of labour) | 72 |
| Capacity constraints (manufacturing capacity, and equipment) | 65 |
| Lack of ecommerce capability to service overseas customers | 59 |
| International competition | 58 |
| Domestic economic conditions | 57 |

*Table 3: Consistent challenges that appeared in 2024 survey*

Table 3 demonstrates some of the most challenging issues for respondents over the past decade. The areas that are the 'hottest' demonstrate the areas of biggest challenge that have persisted over the 10-year period the survey has been conducted. However, digging deeper into the data and looking just at 2024, the table shows some key areas that need to be focused on.

For example, the cost of raw materials and currency exchange rates are reported in 2024 as being a big concern. But when the data is normalised over the decade, these issues have not been raised. This is because this is specifically a 2024 issue that needs attention and funding to solve the problem.

One issue with interpreting survey data is its generality, especially given the dynamic nature of fields such as ecommerce, digital marketing, advertising, and supply chain logistics. For instance, learning and mastering the Meta advertising platform – which uses artificial intelligence – can be challenging due to its complexity. Additionally, supply chains have experienced significant disruptions recently, with costs escalating dramatically over the past two years.

The goal is to foster a stronger link with the Blue Pacific by ensuring a continuous flow of individuals through the region who are actively engaged in developing value and monitoring changes. This approach aims to prevent people in this area from falling behind. A critical component of this initiative is access to high-speed internet; Google and other members of the Blue Pacific alliance are currently working on providing this service.

# Finding 3: Persistent Problems Over Time – Breakdown by Industry

This section breaks down one of the findings regarding persistent problems over time and summarises them. The three biggest challenges are supply chain issues, challenges with developing value using ecommerce, and access to foreign markets. Below is a table that summarises some of the concerns that have been consistently reported in every survey over the 10-year period, by industry:

| Industry | Supply Chain Issues | Ecommerce Challenges | Access to Markets |
|---|---|---|---|
| Tourism | High due to reliance on transport and logistics infrastructure. Strong concerns around freight and rising costs. | Struggling to enhance online presence and ecommerce capability, especially post-COVID. | Difficulty expanding to new international markets, specifically due to lack of government support and market access barriers. |
| Manufacturing | Supply chain disruptions are a frequent issue, worsened by logistical challenges and high tariffs. | Mixed: larger companies manage, but smaller ones find ecommerce difficult to scale. | Moderate: Often struggle to penetrate international markets, particularly in New Zealand and Australia. |
| Agriculture | Consistent problems with supply chain and transport, particularly for perishable goods and rural access. | Low adoption of ecommerce but growing interest. | High: Significant difficulty expanding beyond domestic and regional markets. |
| Creative Industries | Supply chain less of an issue, but rising costs of materials can impact production. | Limited ecommerce growth: reliance on traditional sales channels still strong. | Moderate: Global market reach is tough, with limited networks and high competition. |
| Timber/Wood Production | Challenges in transporting goods efficiently. Consistently high transport costs are a barrier. | Ecommerce remains a low priority, traditional trade dominates. | Significant challenges in market access, particularly with new regulations and market preferences shifting. |
| Fisheries | Supply chain heavily impacted by transport issues, especially with refrigeration and shipping speed. | Low adoption of ecommerce. Barriers include high entry cost and lack of technological capacity. | Very high: Difficulty accessing large markets outside the Pacific region. |
| Professional Services | Fewer supply chain concerns, but international competition is increasing. | Ecommerce integration varies, some firms struggle to adapt, but digital services are on the rise. | Moderate: Access to markets often restricted due to local partnerships and networking limitations. |

*Table 4: Persistent challenges over time, by industry*

## 1 Supply Chain Issues

Most industries reported persistent supply chain and transport issues, in particular those relying on physical goods (e.g., Manufacturing, Agriculture, Timber/Wood Production). The Fisheries industry was also heavily impacted by their over-reliance on logistics to support product delivery.

## 2 Ecommerce Challenges

Ecommerce growth is slow across most industries. Obviously, the lack of available internet is a key problem that is only being solved now. Some industries such as Tourism have made strides in adopting ecommerce, but physical goods providers and traditional businesses such as Agriculture or Fisheries, for example, lag behind due to a lack of infrastructure and technological limitations.

## 3 Access to Markets

Access to international markets is a substantial challenge for all industries over the period of the surveys. Many businesses report difficulties expanding beyond domestic or regional levels, and industries dependent on traditional export routes such as Agriculture, Manufacturing, and Timber/Wood still struggle.

For example, in the Timber/Wood industry, when a local provider repositions their business for an export market, obviously they get an increase in export revenue percentage. However, if they combine that within an online presence, they also report over time that they notice a positive change and export revenue increases. If they reposition themselves for export markets, you can see that the relationship holds

in both directions, so in theory the industry benefits from having an enhanced online presence, positioning itself for the international market and repositioning its entire business model for the external market. This suggests the industries in this area would benefit from a high speed online platform which traditionally has been a barrier in the Blue Pacific because of the dispersed nature of the nations and a lack of internet connectivity.

In summary:

- **Tourism:** There are strong correlations between businesses that repositioned themselves for export markets and those that enhanced their online presence. This indicates that companies focusing on one aspect of export preparation tend to invest in related areas as well.
- **Manufacturing:** Ownership structure correlates with the percentage of revenue from New Zealand, suggesting that how a business is structured may influence or be influenced by its revenue streams from specific regions. Additionally, entering new markets is closely tied to enhancing online presence, which makes sense in a modern, globalised market.
- **Timber/Wood Products:** The correlation between export revenue percentage and repositioning the business for export markets suggests that businesses that have strategically aligned themselves with export markets tend to see significant revenue from those exports.

Running a cross-comparison of the data over the years revealed a deeper issue with supply chain management, which was the most reported problem over the decade. The following table explains those issues:

| Logistics Barrier | Description |
|---|---|
| High Cost of Flights | Businesses are burdened by the high costs of air freight, limiting their ability to export efficiently. |
| Finding Buyers Overseas | Companies face difficulties in connecting with international markets, often due to logistical challenges. |
| General Export Challenges | Broad challenges in exporting, potentially linked to supply chain inefficiencies and market access issues. |
| Infrastructure and Delivery Speed | Inefficiencies in infrastructure and slow delivery processes hinder businesses from reaching global markets. |

*Table 5: Common themes for Logistics Barriers summarised from open responses*

These common themes appear in every survey, either as a response to a question in the challenge barriers, or in the open responses section of each survey. As is known here these for variables probably create the efficiencies in the market and it would be better explained as these logistics' barriers create bottlenecks for Blue Pacific businesses to export and trade over a 10-year period. In 2024, 21% of respondents still reported problems with access to logistics.

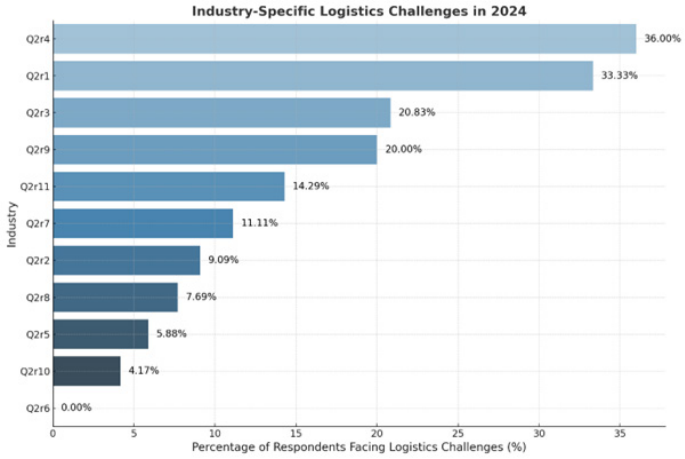



*Figure 7: Top Industries Affected by Logistics Over Time (Key Below)*

## Top Industries Affected By Logistics Challenges

### 1 Manufacturing (36%)

- Challenge: Logistics issues such as transportation delays, supply chain disruptions, and high freight costs, are significant concerns in the Manufacturing sector. Over a third of respondents in this industry reported facing these barriers.

### 2 Agriculture (33.33%)

- Challenge: The Agriculture sector is heavily impacted by logistics challenges, likely due to the need for timely transport of perishable goods and access to distant markets. A significant portion of respondents in this industry highlighted these issues.

### 3 Timber/Wood Products (20.83%)

- Challenge: This industry faces logistics barriers related to the transport of bulky or heavy materials. These challenges can affect the efficiency and cost-effectiveness of exporting timber and wood products.

### 4 Other Manufacturing (20%)

- Challenge: Similar to the broader Manufacturing sector, Other Manufacturing industries also face substantial logistics challenges, including supply chain bottlenecks and transportation issues.

### 5 Textiles and Clothing (14.29%)

- Challenge: The Textiles and Clothing industry reported moderate logistics challenges, which could include delays in textiles supply and the transportation of finished goods.

Below are some examples of common responses by respondents from various industries and countries, drawn from surveys in various years, which show the persistence of logistics problems:

### PNG (Agriculture, 20-30 employees)

> *"Need assistance on domestic route, moving containers from Bialla, West New Britain Province to Kimbe main port in preparing for export shipment. Bialla is on the other side of the main wharf, and moving or freighting containers to the main wharf is very difficult."*

### Fiji Islands (Agriculture, 20-30 employees)

> *"Air freight shipping rate to Australia is quite high and even though sea freight was a more cost-efficient option – with all the extra charges attached to sea freight – it is less attractive to ship sea freight."*

### Samoa (Manufacturing, Large Scale > 50 employees)

> *"Need assistance with export from Samoa to NZ and Australia – with shipping original charges, freight, and other shipping services/charges."*

### Fiji (Agriculture, 21–50 employees, <$100k)

> *"Fiji to Australia; Fiji to New Zealand; Fiji to the European Union; Fiji to North America. Air transport. Shipping costs are too high! We have to compete with agricultural products from Thailand and Peru."*

### PNG (Manufacturing, 1–4 employees)

> *"I need assistance with the PNG to Pohnpei route. There has been so much bureaucratic red tape, political influences and restricted trade policies experienced from my experience. I need assistance with open market access between these two countries."*

### Fiji Islands (Manufacturing, 1–4 employees, $100–499,999k)

> *"The two major parameters and challenges in the export sector for our company are cost and time. First of all, airfreight is absolutely out of the question for food goods. The current cost of airfreight is absurd and turns a $9 product into a $45 product."*

# Finding 4: The Ongoing Problem of Supply Chains – Comparative Analysis

Looking at the cohort over time, there is an emerging trend that logistics and supply chain management issues fluctuate. Given the problems caused by the COVID-19 pandemic, and the other disruptions it is surprising there is no mention of logistics in every survey, being it is the most consistent problem year in and year out. Supply chains have become more complex and convoluted since COVID-19, leading to rising complaints about export costs in the survey. The graph below shows the steep increase in negative responses to the rising cost of exports between 2014 and 2024:

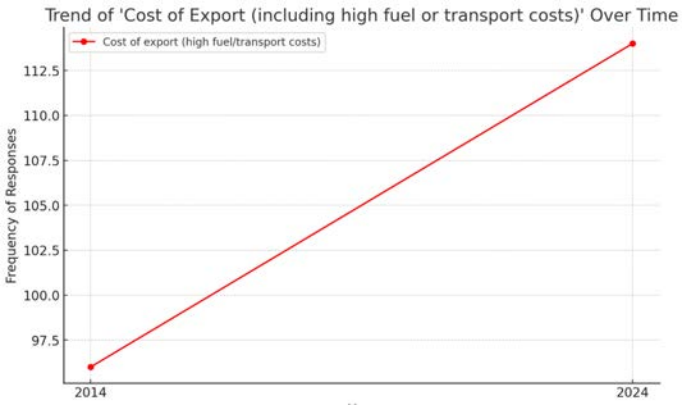



*Figure 8: Responses to rising costs of exports*

The next chart shows that businesses have reported increasing problems with supply chain complexity between 2014 and 2024. The following chart shows a doubling of responses reporting difficulties with supply chain management as a barrier:

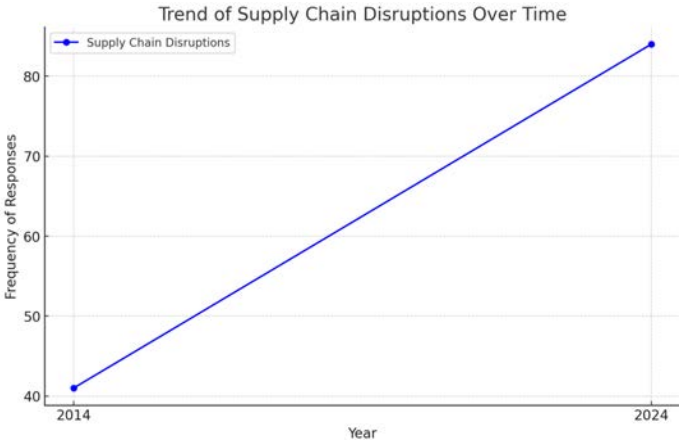



*Figure 9: Supply chain concerns have doubled between 2014 and 2024*

## Summary

*Looking at the data over the past decade, some clear and persistent problems have not yet been solved. For example, in every survey there is a mention of supply chain issues as shown in Table 6.*

| Year | Mentions of Supply Chain/Logistics Costs | Context |
|---|---|---|
| 2014 | High | Issues with high transport costs begin to appear. |
| 2016 | Increased | More respondents highlight logistics as a barrier. |
| 2018 | Increased | Rising costs of shipping and air freight emphasised. |
| 2020 | Very High | COVID-19 exacerbates logistics and supply chain costs. |
| 2022 | High | Ongoing concerns about post-pandemic logistics costs. |
| 2024 | High | Persistent challenges with logistics and fuel costs. |

*Table 6: Mentions of supply chain issues/logistics costs*

## The Rising Cost Of Supply Chains

The data shows a significant trend in responses relating to the costs and complexity of supply chains. Interestingly, over time this variable has not changed as response rates but rather it has become buried in the data under different headings. Issues such as fuel costs, transport costs and logistics barriers are consistently reported as problems over the span of the data:

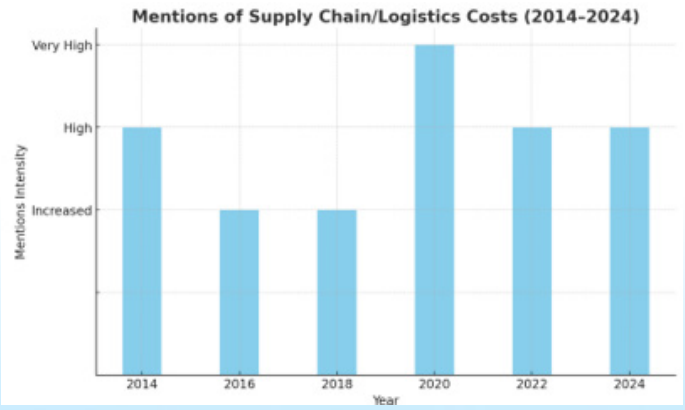



*Figure 10: Supply Chain Mentions over the decade*

The three variables – fuel costs, transport costs and logistics barriers – indicate that supply chain disruption issues have been consistent and constant, throughout the duration of the survey collection. There is a need to tackle this problem and respond to it with a more consistent and fair pricing scheme for peoples in the Blue Pacific, if they are to be competitive in business. Here are some quotes from the 2024 survey, which show this is still a major problem:

### PNG (Agriculture)

> *"Need assistance on domestic route, moving containers from Bialla, West New Britain Province to Kimbe main port in preparing for export shipment. Bialla is on the other side of the main wharf, and moving or freighting containers to the main wharf is very difficult."*

### Fiji Islands (Agriculture)

> *"Air freight shipping rate to Australia is quite high and even though sea freight was a more cost-efficient option – with all the extra charges attached to sea freight – it's less attractive to ship sea freight."*

### PNG (Manufacturing)

> *"We currently transport our goods from East New Britain province of PNG to the capital city Port Moresby by air freight before we can send overseas. The airfreight cost from East New Britain is quite costly."*

### Fiji Islands (Agriculture)

> *"First of all, transport to and from Fiji is the most expensive undertaking in the world so that is a deterrent in exporting."*

It should be noted that since COVID-19, the supply chain problem has become amplified. The world has experienced massive supply chain disruptions since the Ukraine–Russia war and this conflict is continuing to develop, impacting world supply chains in an unprecedented manner.

# Finding 5: Difficulties in Accessing Resources Needed for Ecommerce Value Creation

The survey only collected data for ecommerce in the latter half of the decade, but it remains a constant problem for people in the Blue Pacific. The adoption of ecommerce depends on high-speed internet. Ironically, ecommerce also relies heavily on supply chains and deliveries. This complexity bears itself out in different responses across the six years as shown below:

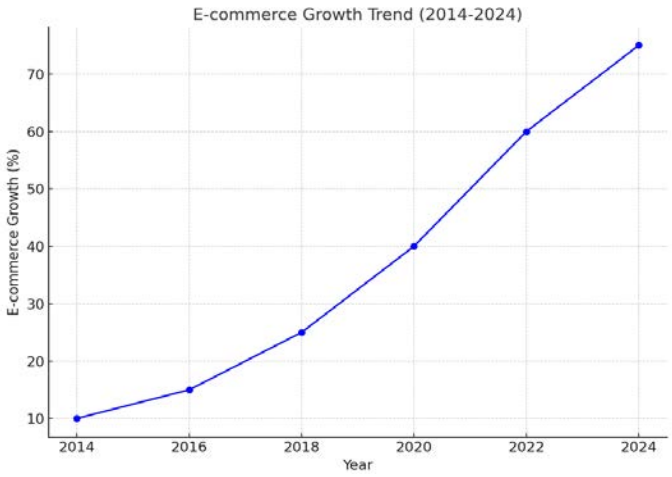



*Figure 11: Ecommerce growth in mentions and adoptions over the decade*

Ecommerce adoption is a complex topic that has been researched in nations for many years. One of the key factors of ensuring a successful ecommerce adoption strategy, and having a robust supply chain process for deliveries. The complex relationship between supply chain issues and ecommerce demand is demonstrated in the chart below:

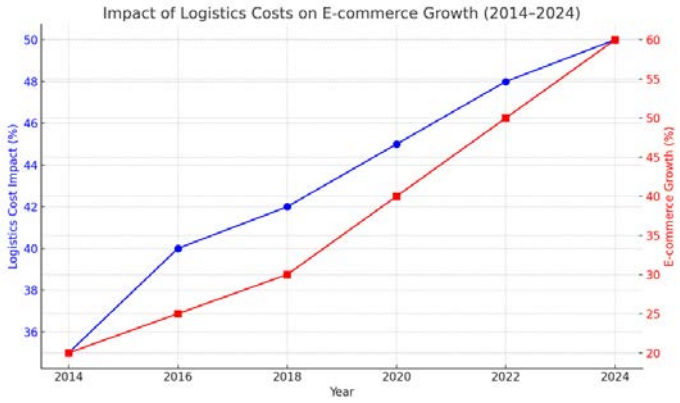
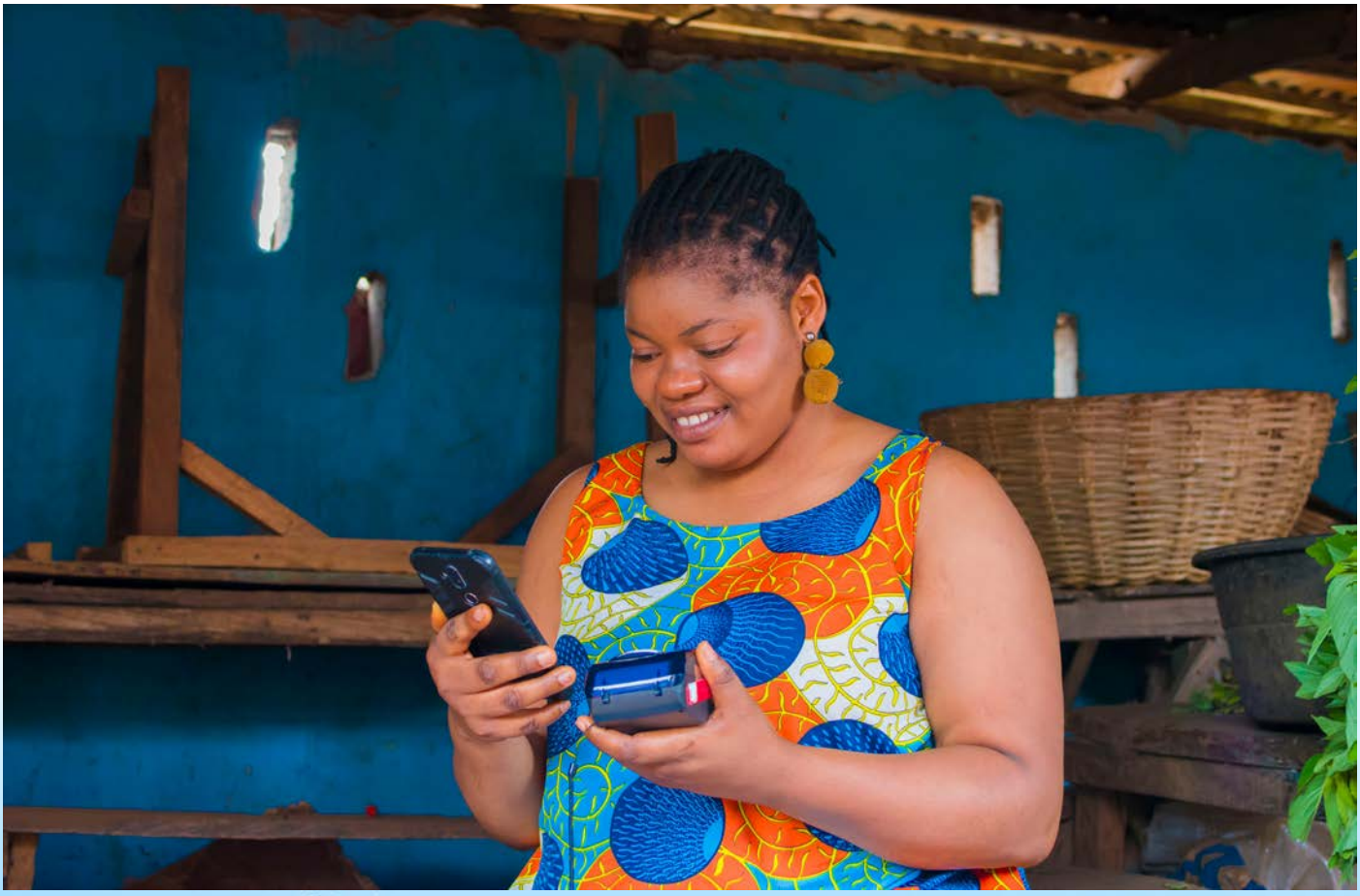



*Figure 12: Impact of logistics on ecommerce adoption*

The Blue Pacific may have faster internet, but until the issue of logistics is resolved, there is an entire ecosystem of deliveries and reverse logistics that needs to be managed a lot more effectively, according to the data.



# Finding 6: Pricing Difficulties in Using Ecommerce

Further affecting competitiveness in the market, the third major factor over the decade has been difficulties in establishing a fair and effective pricing strategy. It is hard to develop a business strategy with constant supply change disruptions, when adoption is not consistent, and fluctuations in the market tend to happen monthly, depending on extreme weather events and so forth. This chart shows difficulties in pricing from recent surveys, but does not give a clear explanation as to why.

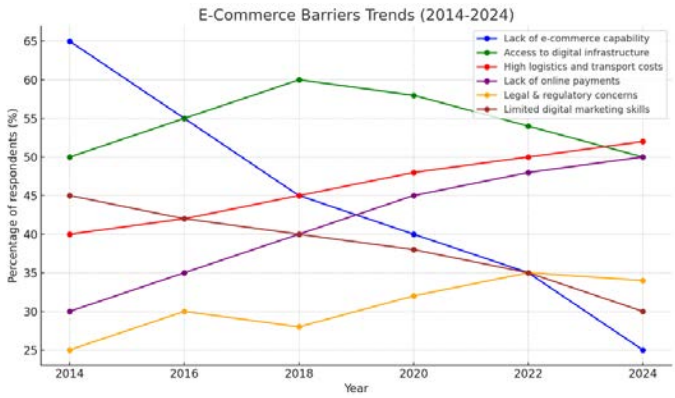



*Figure 13: Ecommerce adoption barriers and enablers 2014–24*

Above is a visual representation of ecommerce barriers trends from 2014 to 2024. The chart illustrates how different barriers – such as lack of ecommerce capability, high logistics and transport costs, and access to online payment systems – have shifted over time.

Observations include:

- Lack of ecommerce capability: This barrier was significant in earlier years and gradually reduced as businesses started adopting digital tools. By 2024, the percentage mentioning this barrier has decreased, reflecting greater digital adoption and capacity-building efforts.
- Access to digital infrastructure: This remained a consistent barrier, with spikes in certain years (e.g., 2018 and 2020), corresponding with periods of technological constraints or economic downturns. While digital infrastructure improved over the years, certain regions still struggle with internet accessibility.
- High logistics and transport costs: This has remained a significant barrier throughout the years, particularly for businesses relying on ecommerce to reach global markets. While the percentage fluctuates, it is one of the most frequently mentioned barriers that affects ecommerce growth.
- Lack of access to online payment systems: This has been a growing barrier from 2016 onwards, as more businesses moved to ecommerce but lacked the financial technology or solutions to facilitate online payments.
- Legal and regulatory concerns: This barrier fluctuated but remained present, with companies facing challenges in complying with international ecommerce regulations, consumer protection laws, and cybersecurity requirements.
- Limited digital marketing skills: This barrier was more prominent in the mid-2010s as businesses increasingly recognised the importance of online marketing. By 2024, it remains a barrier, though it is declining due to more widespread training initiatives.

Consider the following chart:

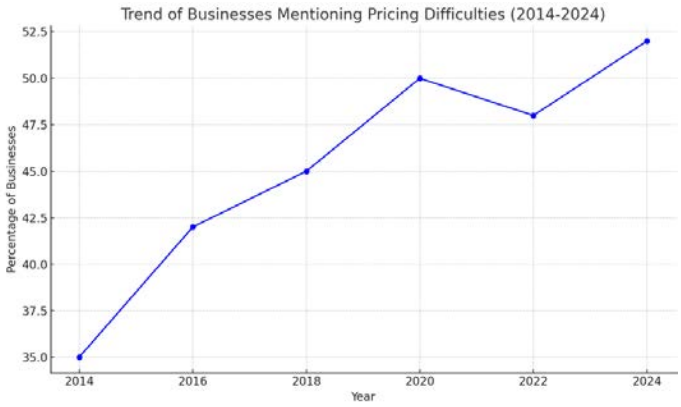



*Figure 14: Difficulties in determining effective pricing*

The accumulation of these issues and determining effective pricing is a non-economic effect when it comes to analysing business profitability and competitiveness. This difficulty of setting pricing is likely due to the cumulative effects of things such as rising supply chain costs, COVID-19 disruptions, and the ongoing issues with effective market access and logistics problems. Add to this the problem of extreme weather events and the remote nature of the Blue Pacific, and a picture begins to emerge why there has been a problem reported at least on a latent level on business competitiveness and profitability. The data suggests variability is to blame, but by looking simply at the chart and the results of the analysis there is an obvious difficulty in setting pricing. The difficulty in setting pricing is part of the complex market conditions that businesses in the Blue Pacific continue to find themselves in. Not to mention issues such as high-speed internet and affordable, reliable freight services.

*Figure 15: Difficulties in pricing*

For example, in the early surveys, there were complaints by people in the Timber/Wood Production industry that it was extremely difficult for timber sellers to deliver at a fast pace. This is not a Timber industry problem; this is a logistics and supply chain management problem. Delays occur because of the remote nature of some of these nations and the difficulties with supply chain. As demonstrated in tables 4 and 5 above, if a company is unable to deliver according to the expectations of other nations, then their export market declines. In addition, if they do not have a web-based ordering system in today's economy, they will suffer and lose business. When exploring this, it becomes obvious there are many antecedent factors that are influencing the delivering of goods and services out of the Blue Pacific over the past decade. The model below demonstrates some of the variables and how they interrelate.

This model demonstrates that factors such as logistics, high supply chain costs, inefficiencies in delivery, and the inability to place orders online, all affect the development of affective business competitiveness in the Blue Pacific.

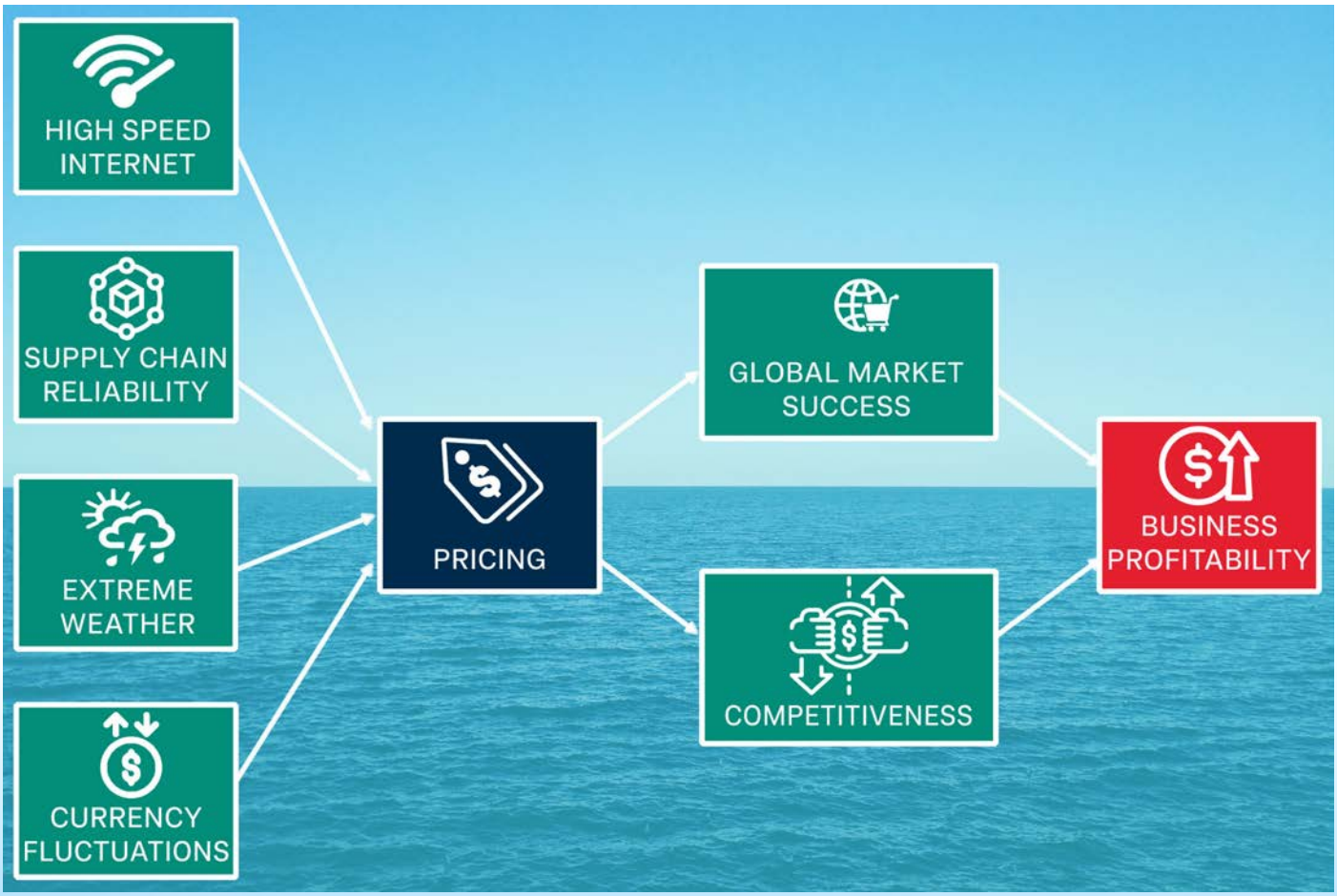



*Figure 16 – Factors that impact business profitability*

# Finding 7: Access to Markets

An adjacent challenge is the ongoing business development problem. Respondents have reported a consistent problem with access to markets over the years, with the challenge varying according to developments such as ecommerce or digital business development:

| Year | % of Respondents Citing Market Access Issues |
|---|---|
| 2014 | 23% |
| 2016 | 26% |
| 2018 | 22% |
| 2020 | 24% |
| 2022 | 21% |
| 2024 | 25% |

*Table 7: Percentage of people citing market access issues*

Below are some examples of concerns raised by respondents on the issue of market access over the 10-year period.

### 2014 – Manufacturing (> 100 employees)

> *"We've struggled to understand regulations in new markets, which has held back our expansion."*

### 2016 – Agriculture (< 50 Employees)

> *"Navigating customs and finding reliable distribution channels in foreign countries has been a major roadblock for us."*

### 2018 – Small Business (Single Owner - < 5 employees)

> *"The biggest issue is getting the right connections to penetrate new markets. We're small, and it's hard to get noticed."*

### 2020 – Tourism (Unknown)

> *"The pandemic made access to markets even harder, with disrupted supply chains and restricted travel to make new deals."*

### 2022 – Small Business/Creative Arts (Single Owner/Operator)

> *"Even with ecommerce, understanding market demand and setting up logistics overseas remains a hurdle."*

### 2024 – Professional Services ICT (< 30 Employees)

> *"We need better support to access international markets – language, legal complexities, and competitive pricing make it hard to succeed."*

The concern of access has increased by a small percentage, but one would argue that businesses often struggle with access to market. What has emerged in more recent surveys is that access to market has worsened since COVID-19, which is reported quite heavily due to rapid changes and supply chain complexity and the inability, to deliver business services due to these disruptions.

The following section discusses some future challenges for the Blue Pacific and some emerging trends and difficulties.

# Finding 8: The Future of the Blue Pacific – Rising Trends and Challenges

The 2024 Pacific Islands Export Survey highlights several significant concerns for businesses in the region. A predominant issue is high operational costs, particularly related to air travel, accommodation, and electricity. These costs are frequently cited as barriers to business growth and stability. Additionally, the impact of COVID-19 remains a pressing concern (discussed below), with respondents noting its lingering effects on tourism and supply chains.

Environmental challenges are another major concern, with businesses reporting disruptions due to extreme weather events such as cyclones and droughts. These events have affected the availability of local resources, further straining already fragile supply chains.

Government regulations and the perceived lack of support for MSMEs are also commonly mentioned. Respondents' express frustration over the complexity and inefficiency of government processes, which they feel hinder their ability to operate effectively in both domestic and international markets.

Labour shortages, exacerbated by external factors such as the Australian and New Zealand seasonal worker programs, are another critical issue. These programs have resulted in a significant drain on the local workforce, making it difficult for businesses to maintain operations and meet demand.

Finally, inconsistent revenue generation and difficulties in securing financing persist. Many businesses struggle with accessing financial resources necessary for growth, citing high interest rates and the need for substantial security as major obstacles.

These concerns underscore the complex and multifaceted challenges faced by businesses in the Pacific Islands, reflecting the need for targeted interventions to support sustainable growth and resilience in the region. The data from the 2024 survey reveals a landscape where operational costs, environmental factors, regulatory issues, and workforce dynamics interplay to shape the business environment.

Other broad challenges in the region that have continued to be a problem include extreme weather events:

| Year | Respondents Mentioning Extreme Weather Events (%) |
|---|---|
| 2014 | 15% |
| 2016 | 18% |
| 2018 | 22% |
| 2020 | 30% |
| 2022 | 35% |
| 2024 | 40% |

*Table 8: Increase in concerns about extreme weather events 2014–2024*

And issues such as political unrest:

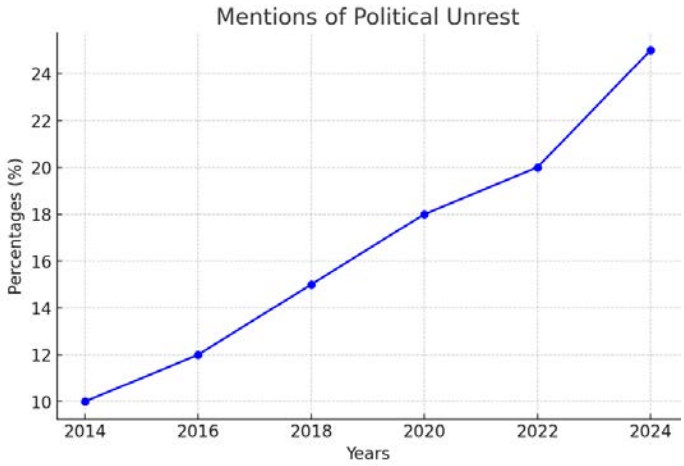



*Figure 17: Mentions of political unrest*

While political unrest does not seem to have much of an impact, overall, it is still noteworthy that this concern is on the rise, and political unrest seems to be becoming an ongoing problem for the region, at least on a small level.

## Challenge 1: The Lasting Impact of COVID-19

The lasting impact of COVID-19 is having a direct effect on business costs and competitiveness since 2020. Many respondents report COVID still having an impact in 2022 and data most recently collected this year, as shown in the chart below:

**Top Four Biggest Challenges in 2022 and 2024 Surveys (Excluding Shipping and Freight Costs)**

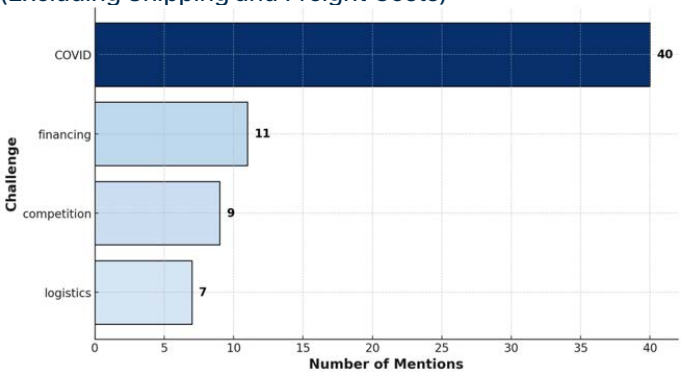



*Figure 18: Mentions of the ongoing impact of COVID-19 (excluding shipping and freight costs)*

While the impact of COVID-19 is still being felt in the Blue Pacific, it is interesting to note that even now in 2024, it is still one of the four biggest issues mentioned in survey responses. Comparing these responses with competition, financing and logistics, which are perceived to be the three other big issues, the ongoing impacts of COVID-19 take the headline by a long way. For example, here are some quotes from respondents from the past two surveys from Fiji's large scale (more than 100 employees) Tourism sector:

2022

> *"Decrease income/revenue due to being closed as a result of COVID-19."*

> *"Our business was closed for 2 years as high risk and tourism during COVID. We are now ramping up export phase and are restricted due to working capital."*

> *"No international visitors due to closing of borders due to pandemic."*

2024

> *"Air Vanuatu's insolvency and the Government's mismanagement resulting in a missed opportunity to capitalise on a strong post-COVID demand. The situation of Air Vanuatu is the greatest obstacle in Vanuatu's tourism recovery and future growth."*

> *"I would like to target Australia with online sales if we have sufficient stock and if we can obtain some support with airfreight costs through Air Vanuatu. Pre-COVID the cost was 100VT/KG for large (500kg) consignments, but during COVID this rate rose..."*

> *"Post-COVID pent-up demand main factor."*

> *"Loss of ecommerce distributors during COVID and the dramatic increase in airfreight rates."*

> *"Difficult to obtain new finance following large debts incurred during COVID and repayments being made."*

The impact, flow-on effects and unintended consequences of COVID-19 are still being felt by the Blue Pacific peoples. The lingering effect of the pandemic is creating problems for businesses in this region. Part of these challenges are manifesting themselves in supply chain complexities, access to markets and labour shortages.

## Challenge 2: Labour Shortages

Labour shortages, driven by external factors such as the Australian and New Zealand seasonal worker programs, are causing critical disruptions in the operational capacity and growth potential of Pacific Island businesses. In the last four years, including three survey collections, trends in labour shortages are showing an upward trend:

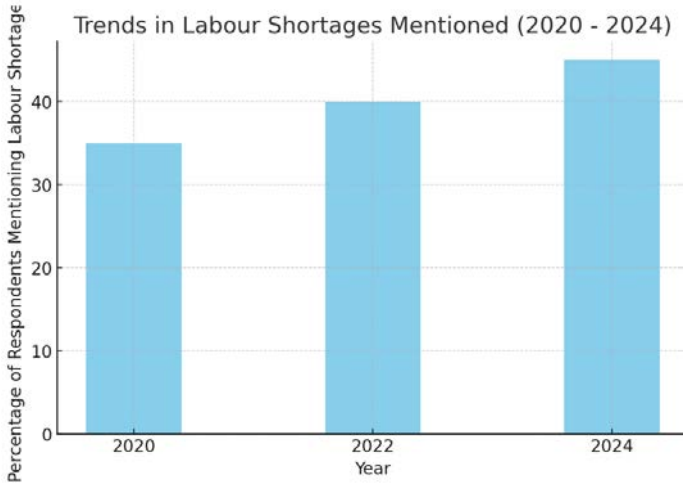



*Figure 19: Growing problems with labour shortages*

There are significant concerns from this data as it relates to labour shortages. The surveys mention challenges such as external seasonal worker programs and a general lack of being able to access qualified labour. The issue has been worsening worldwide and, of course, the impact has been felt in the Blue Pacific. This indicates a need for immediate research to understand the extent of the disruption to the labour market force in the Blue Pacific, and to develop long-term solutions for the regional labour market and formulate strategies to access that talent.

## Challenge 3: Extreme Weather Events

Environmental challenges, particularly extreme weather events, are increasingly disrupting supply chains and operational capabilities of businesses in the Pacific Islands, leading to reduced export capacity and economic instability. Across the surveys, environmental challenges such as cyclones, droughts, and other extreme weather events have been consistently mentioned as major concerns. These disruptions are likely to affect the availability of local resources, and the ability of businesses to maintain consistent export levels. Research is needed to assess the specific impacts of these environmental challenges and to explore adaptive strategies that can enhance resilience in the face of climate change.

Major weather events such as cyclones, floods and droughts have had significant impacts on businesses over the years. Below is a general outline that shows how these weather events have impacted businesses and created potentially devastating disruptions. The section also highlights how this context would have impacted the way the survey was answered and the challenges of collecting the data.

### WEATHER EVENTS IN THE BLUE PACIFIC AND IMPACTS ON BUSINESS

#### 2015–2016: El Niño Droughts and Cyclone Winston (Fiji, 2016)

Business Impact: El Niño caused widespread droughts across the Pacific Islands, affecting agriculture, water supply, and tourism. Cyclone Winston, one of the most powerful storms ever recorded in the Southern Hemisphere, caused devastating damage to infrastructure and homes in Fiji, leading to a major economic downturn.

Potential Impact on Survey Data: Supply chain disruptions, damaged infrastructure, and reduced tourism revenue may have spiked mentions of weather-related barriers in surveys around 2016. As mentioned above, supply chain disruptions has been a consistent issue in the region; this may not only be because of the expense of the tyranny of distance, but could also be due to extreme weather events that have plagued the region.

#### 2017: Cyclone Debbie (Australia and New Zealand Impact)

Business Impact: Cyclone Debbie caused widespread flooding and infrastructure damage across parts of Australia, New Zealand, and nearby Pacific Islands. While the damage was more severe in Australia, Pacific Island exporters might have experienced issues related to shipping and logistics due to disruptions in trade routes. Again, looking at the data from this timeframe (2018), it is obvious to see the resulting supply chain issues. These are likely related to difficulties in exporting due to the damage caused by Cyclone Debbie.

Potential Impact on Survey Data: Mentions of shipping, logistics, and export barriers could have increased in the 2018 survey due to these disruptions.

#### 2018: Cyclone Gita (Tonga, Samoa, and Fiji)

Business Impact: Cyclone Gita hit Tonga hard, causing significant infrastructure damage and affecting businesses, particularly in the Tourism and Agriculture industries. Samoa and Fiji also experienced damage, though less severe.

Potential Impact on Survey Data: In the 2020 survey, there could be references to rebuilding efforts and infrastructure challenges related to Gita, particularly in Tonga.

#### 2019: Cyclone Harold (Solomon Islands, Vanuatu, Fiji, and Tonga)

Business Impact: Cyclone Harold caused extensive damage to Vanuatu and parts of Fiji and Tonga. The Agriculture and Tourism industries were particularly affected, leading to supply chain and export challenges.

Potential Impact on Survey Data: The 2020 survey might have noted significant impacts from Cyclone Harold, especially in Vanuatu and Fiji, with mentions of barriers related to damaged supply chains, transport, and reduced tourism.

### 2020–2021: COVID-19 Pandemic and Cyclone Yasa (Fiji)

Business Impact: The COVID-19 pandemic greatly affected supply chains and tourism across the Pacific. Cyclone Yasa, which hit Fiji in December 2020, exacerbated these issues by causing damage to crops, infrastructure, and businesses.

Potential Impact on Survey Data: The 2022 survey likely reflected compounded challenges due to both the pandemic and Cyclone Yasa, with references to transport costs, supply chain issues, and economic instability.

### 2022–2023: Cyclone Kevin and Cyclone Judy (Vanuatu)

Business Impact: These back-to-back cyclones hit Vanuatu in 2023, causing damage to infrastructure and livelihoods. Businesses in Agriculture and Tourism were particularly impacted, with supply chain disruptions and increased logistics costs.

Potential Impact on Survey Data: The 2024 survey might reflect lingering effects from these cyclones, including mentions of difficulties accessing markets, higher shipping costs, and infrastructure rebuilding challenges.

### CORRELATING MAJOR WEATHER EVENTS TO BUSINESS ISSUES

2016 and 2018: Increased mentions of weather-related barriers likely stem from the aftermath of El Niño and Cyclone Winston. These years saw significant supply chain and logistical challenges.

2020 and 2022: Cyclone Harold and the COVID-19 pandemic likely led to notable business disruptions, including reduced export revenue, damaged infrastructure, and heightened transport costs.

2024: The aftermath of cyclones Kevin and Judy could be reflected in ongoing discussions around transport, supply chain issues, and market access barriers.

In summary, the findings of this report and the survey should always be taken into context with the weather events and other disruptions that have been noted above. There have been several major cyclone events, the massive and ongoing problems with disruptions to international supply chains caused by COVID-19, the ongoing economic instability in the region due to political unrest and, of course, the usual disruptions to business such as shifting and changing markets and the challenges of exporting.

## Challenge 4: Barriers in Adopting Ecommerce

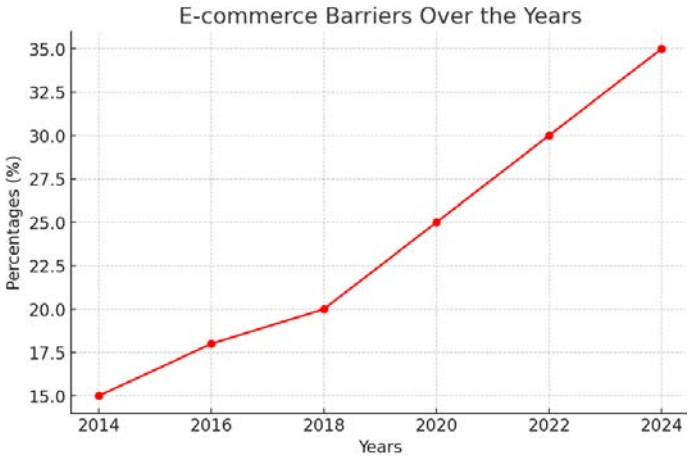



*Figure 20: Barriers for ecommerce adoption*

The chart above indicates a common theme throughout the 10-year data that barriers to adopting ecommerce seem to be increasing rather than decreasing. Responses vary in the surveys, but tend to be structured around the development of new technology, which makes this data somewhat misleading. This chart is not demonstrating a lack of adoption of commerce, but rather the complex nature of ecommerce and the technology behind it, which was changing very rapidly between 2020 and 2024.

For example, very few respondents had ecommerce websites in 2014, 2016 and even 2018. The technology landscape completely changed in 2019 with a lot of online advertising platforms moving towards the use of artificial intelligence (AI), and the development of other ecommerce platforms such as Shopify.

Another problem is the conflation of AI, ecommerce, and supply chain and logistics issues mentioned earlier in the report. This is a complex problem that needs further exploration as to why this is increasingly becoming an issue, because technology in this space is becoming very easy to adopt. However, complex contextual issues such as high-speed internet; logistics issues; a robust and flexible, less complex supply chain management process; and access to finance to fund these kinds of ventures, would all need to be explored.

| Disruptions due to Extreme Weather Events | Survey Year |
|---|---|
| Cyclone Winston (Fiji) and El Niño Droughts | 2016 |
| Cyclone Gita (Tonga, Samoa, Fiji) | 2018 |
| Cyclone Harold (Solomon Islands, Vanuatu, Fiji, Tonga) and COVID-19 Pandemic | 2020 |
| Cyclone Yasa (Fiji) and COVID-19 Pandemic | 2022 |
| Cyclone Kevin and Cyclone Judy (Vanuatu) | 2024 |

*Table 9: Years that extreme weather and other events impacted survey data and responses*

## Challenge 5: Complex Supply Chain and Logistics Problems Impacting Profitability

Due to worldwide supply chain factors, such as disruptions caused by weather events, the pandemic and other related factors, shipping costs have ballooned, causing challenges to businesses.

Example quotes from the 2024 survey highlight these issues:

> *"Freight cost to Tonga is expensive due to a lack of shipping services competition in the Tonga market."*

> *"Shipping freight cost had tripled in the last 3 years, especially the route to Europe from the Pacific."*

> *"Reduced and Affordable Freight Forwarding costs, both by sea and air for coffee exports."*

> *"It is cheaper to ship from New Zealand to all the above-mentioned Countries than to ship from Australia."*

### Heatmap

The issues of supply chain, shipping and logistics were covered in earlier surveys but are still being reported quite strongly in 2024. Consider the enhanced heat map below, which demonstrates areas where shipping costs are concerned. If you compare this with the data from earlier surveys, shipping costs were not as prevalent but since COVID-19, complex supply chain arrangements and inflating shipping costs have played a major impact on the role of business profitability.

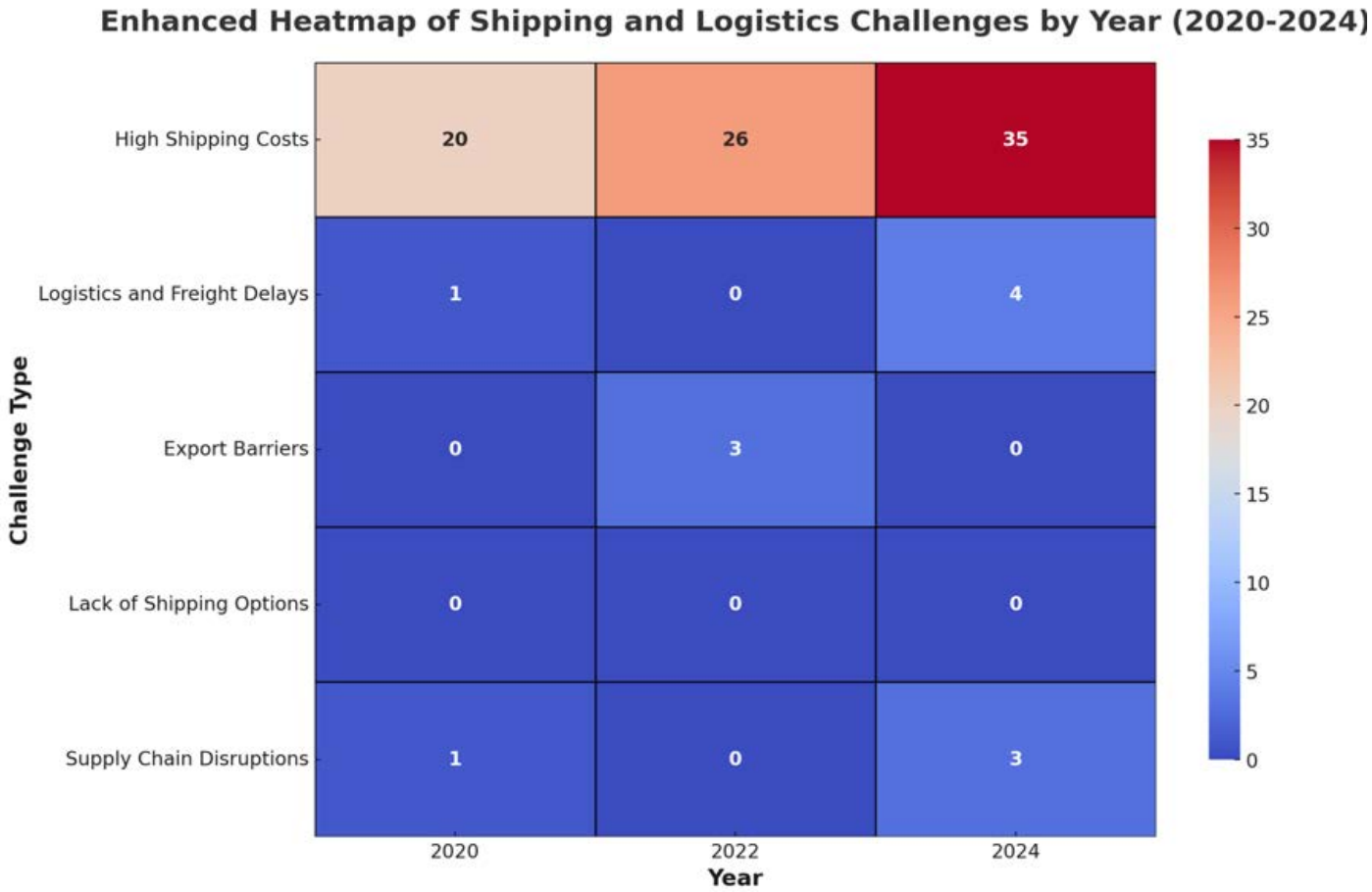



*Figure 21: Heatmap of 2024 shipping concerns*

## Challenge 6: Access to Finance

While the environment of access to finance has improved overall in the Blue Pacific, respondents have indicated an alarming upward trend towards being unable to access finance to develop their business in the past three surveys:

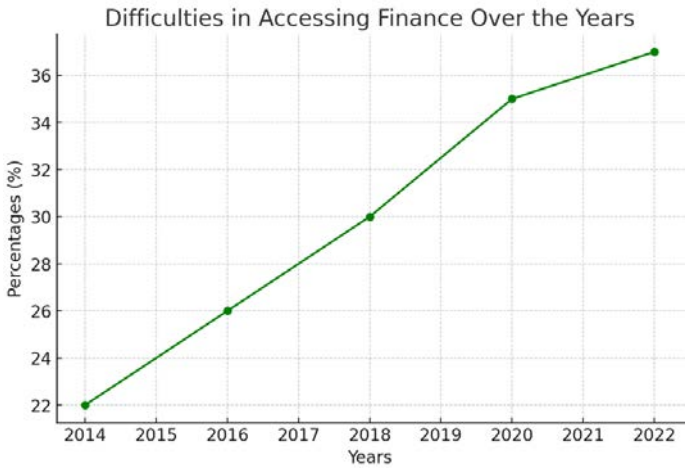



*Figure 22: Difficulties in accessing finance over the decade 2014–2024*

Further research and investigations need to be undertaken to determine what the drivers are that are causing this problem. Some of the respondents indicated difficulties accessing finance in recent surveys. These survey responses reflect the challenges that businesses have faced in accessing financing:

### 2022

> *"It's been difficult to get loans at a reasonable interest rate. The banks are not lending to small businesses like ours."*

> *"We need access to better financing options. Currently, there are no flexible loan options that cater to our business's growth."*

> *"Finding the right investors is tough. Local banks don't understand our business model, and international investors are hard to reach."*

> *"We have faced constant rejections from banks when applying for loans. It's demoralising, and we are unsure where to go next."*

> *"Access to trade finance has been our biggest barrier. We are ready to expand but can't find the capital."*

> *"It's not just about getting financing; it's about getting it at an affordable rate. High interest rates are crippling us."*

### 2024

> *"The shift to digital finance platforms has been promising, but we still don't have access to many of these services in the Pacific."*

> *"There are more options for financing now, but they are still inaccessible for many small businesses in the region."*

> *"The ability to attract investment is still one of the biggest challenges we face. Traditional lenders are too conservative, and international investors aren't coming."*

> *"The terms for financing are too stringent for small businesses like ours. We need flexibility in loan repayment and terms."*

> *"While there are more platforms to access financing, the documentation required, and bureaucracy is a challenge."*

> *"Even though some new loan programs are in place, it's still hard to find loans that cater specifically to exporters like us."*

While inconclusive, some of these responses indicate frustrations with rising or higher interest rates, a lack of flexible funding options, and challenges in knowing how to attract investment effectively.

The table below summarises the top 10 challenges overall:

| Challenge | 2014 | 2016 | 2018 | 2020 | 2022 | 2024 |
|---|---|---|---|---|---|---|
| Cost of Logistics & Supply Chain | 20% | 25% | 28% | 35% | 38% | 42% |
| Access to Finance | 22% | 26% | 30% | 35% | 37% | 40% |
| Market Access | 18% | 22% | 25% | 28% | 32% | 34% |
| Labour Shortages | N/A | N/A | N/A | 24% | 28% | 32% |
| Ecommerce Barriers | 15% | 18% | 20% | 25% | 30% | 35% |
| Pricing Competitiveness | 15% | 18% | 22% | 25% | 28% | 30% |
| Political Unrest | 10% | 12% | 15% | 18% | 20% | 25% |
| Extreme Weather Events | 15% | 18% | 22% | 30% | 35% | 40% |

*Table 10: Top Ten Challenges*

To summarise these challenges more recently, the last survey conducted in 2024 indicates the following areas of focus:

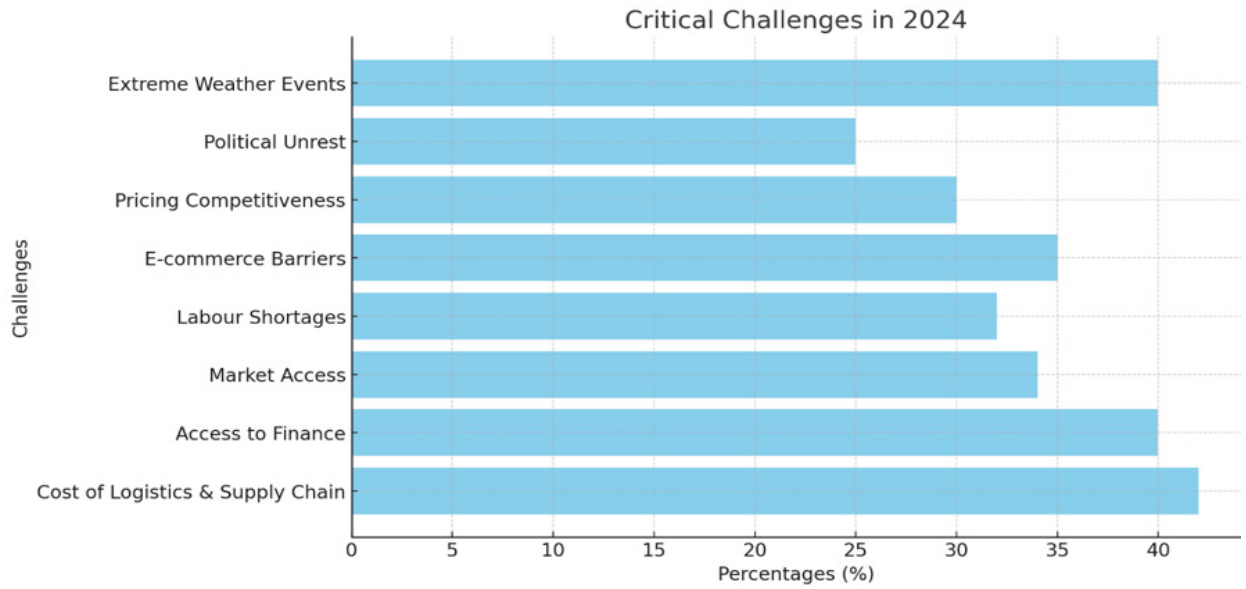



*Figure 23: Top challenges as of 2024*

# Conclusion

A lot of progress has been made by Blue Pacific businesses over the past decade, but there are still many challenges that need to be tackled. A considerable concern is to develop a reasonably priced supply chain management infrastructure, so pricing fluctuations, economic modelling and predictive modelling can be done effectively, to help businesses bring stability into their supply chain management environments. In addition, difficulties in obtaining labour and developing local talent seem to be enduring issues over the decade. Education programs have been effective in the past, but to scale businesses in this area, a lot more talent will need to be imported or developed locally.

While these challenges remain, some highlights are also important to celebrate. Ecommerce has developed in this region despite all the challenges of low-speed internet, poor supply chain management from external companies, and extreme weather events. And, of course, the COVID-19 pandemic. It should be noted that the Blue Pacific is still reeling from the impacts of COVID-19 and many businesses that had stable footing are now grappling with all kinds of complexities. Having said that, the one thing that can be said about this 10-year period is that the support from Australia and related institutions such as PTI have kept these resilient businesses going, which speaks to the deep character of the peoples of the Blue Pacific and their tenacity. Considering the obstacles they have faced, and the difficulties and challenges they endure in comparison to businesses in Australia in New Zealand, their resilience should be recognised and applauded.

## ABOUT THE GRIFFITH ASIA INSTITUTE (GAI)

Griffith Asia Institute (GAI) is an internationally leading partner for an inclusive, sustainable and prosperous Asia-Pacific. We build capacity and create positive impact through partnerships in sustainable economics and business, politics, international relations, security, and inclusive development.

Founded more than 25 years ago, GAI has 130 members and is the largest institute of Griffith Business School at Griffith University.

griffith.edu.au/asia-institute

## ABOUT PACIFIC TRADE INVEST

Pacific Trade Invest (PTI) works to improve the livelihoods of Pacific people by fostering decent work and economic growth in the Blue Pacific. PTI develops and promotes businesses from the Pacific region through trade, investment, and tourism facilitation.

The organisation supports its clients in various ways, providing access to resources and upskilling opportunities for Pacific businesses seeking to become export- and investment-ready, while working intensively with those already trading or prepared to trade in international markets.

pacifictradeinvest.com

## ABOUT THE AUTHOR

Dr Luke Houghton is an Associate Professor in the Department of Business Strategy and Innovation and Academic Director Executive Education for the Griffith Business School. Luke actively consults in improving problem-solving performance for organisations, on digital growth strategy for companies and small businesses and runs seminars for companies and businesses on problem-solving for innovation, digital business growth strategies, and transforming workplaces through learning.

Luke is engaged in research in management problem solving with over 80 publications in this field. His main passion is thinking about how cognitive models (thinking patterns) affect the way we solve problems and make decisions.

**Pacific Trade Invest Australia**

Level 4, 503 Kent Street
Sydney New South Wales 2000, Australia

**Email:** info@pacifictradeinvest.com

pacifictradeinvest.com/en/about-us/pti-australia/

**Griffith Asia Institute**

Griffith University Nathan campus
Nathan Queensland 4111, Australia

**Email:** gai@griffith.edu.au

**griffith.edu.au/asia-institute**

CRICOS No. 00233E | TEQSA - PRV12076