

LAO PEOPLE'S DEMOCRATIC REPUBLIC – WOOD PROCESSING EXPORT ROADMAP

ASSESSMENT RESULTS ON COVID-19



The designations employed and the presentation of material in this document do not imply the expression of any opinion whatsoever on the part of the International Trade Centre concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

This document has not formally been edited by the International Trade Centre.

TABLE OF CONTENTS

BACKGROUND

METHODOLOGY AND DATA

FINDINGS AND ANALYSIS

- 1.CURRENT IMPACT OF COVID-19 CRISIS ON WOOD PROCESSING BUSINESS OPERATIONS
- 2.MEASURES AND STRATEGIES PUT IN PLACE TO COPE WITH THE CRISIS
- 3.RECOVERING AND RESPONDING TO THE COVID-19 CRISIS

CONCLUSIONS AND RECOMMENDATIONS

ANNEX

BACKGROUND

Responding to the changing environment caused by the global COVID-19 outbreak, ITC offered in the context of the EU funded ARISE+ Lao PDR project (ASEAN Regional Integration Support from the EU Plus – Lao PDR), to conduct two sector specific COVID-19 rapid assessments, in order to reflect the 'new normal' in the wood processing and coffee sectors, and reflect any changes appropriately in the two sectoral export roadmaps which are being developed as part of the project. This report highlights the key results of the assessment on the wood processing sector of Lao PDR.

Objective

To assess the impact of COVID-19 on the business in the wood processing sector.



METHODOLOGY AND DATA

A) ONLINE SURVEY

ITC launched a data collection effort during 25 June – 10 July 2020. In collaboration with the Ministry of Industry and Commerce, the Lao Wood Processing Association and the Lao Wood Furniture Association, ITC contacted private sector representatives, requesting them to complete an online survey.

In 2019, it was estimated that there were 1,048 wood manufacturing plants (8 sawmills, 383 wood processing factories, and 657 furniture manufacturers) in Lao PDR. However, the number of plants in operation may have changed in the past few months. The Lao Wood Processing Association has reported a decrease in their number of members from over 120 to 38 members recently due to close of business.

A total of 30 wood processing companies responded to the call. Among those, the majority were the same who participated in the SME competitiveness survey (SMECS) carried out by ITC in February 2020 as part of the Wood Processing Sector Export Roadmap development.

Data was collected at national level, from different regions of the country, including in Vientiane capital, Vientiane province, Khammouane, Luangphabang, and Attapeu, among others. The surveyed regions are highlighted in Figure 1.

Figure 1. Surveyed regions in Lao PDR



The questionnaire has three parts: i) contact information, ii) general information about the company and iii) current and expected COVID-19 impact. The rapid assessment for the Lao wood processing sector is aligned with ITC's corporate COVID-19 business impact survey [1], which allows for comparison at global and sectoral level.

B) TYPOLOGY OF FIRMS

The information collected was then organised based on the size of the firm, categorising enterprises in small, medium and large:

- Small firms: 0-29 employees
- Medium firms: 30-99 employees
- Large firms: 100 or more employees

These definitions are aligned to ITC's SMECS categorization[2]. The data shows that there is a relatively high proportion of medium (60%) and small-sized (33%) firms, which – combined - made roughly 93% of the sample. The data shows that about 62% of the surveyed firms are exporters, out of which 5 (27.4%) were small firms, 11 (61.3%) were medium firms and 2 (11.3%) were large firms. Figure 2 and Figure 3.

Figure 2. Firm's size

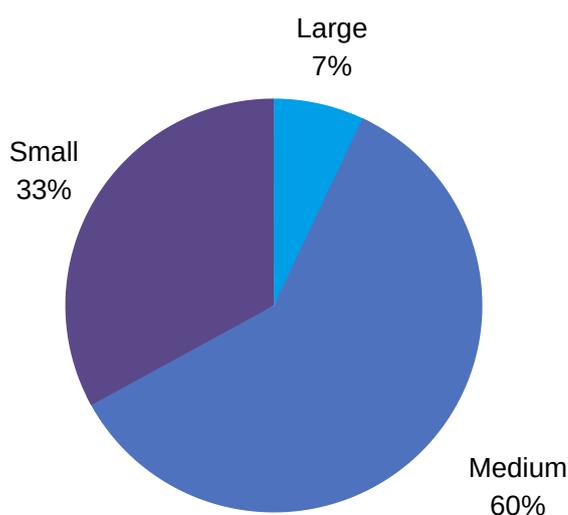
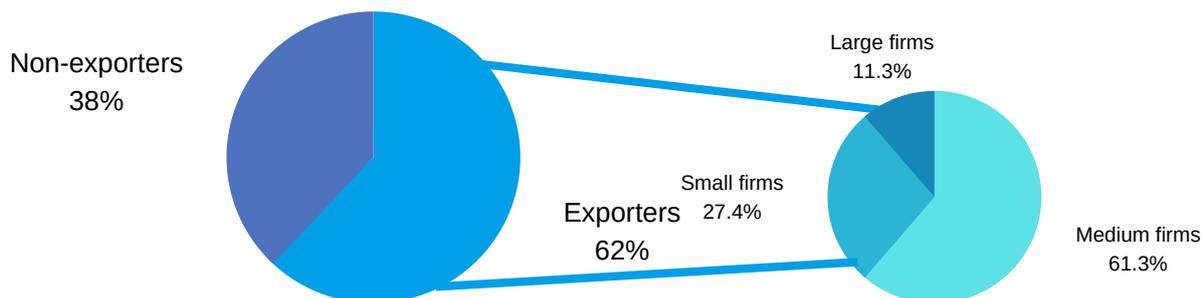


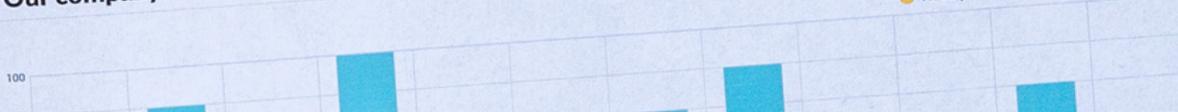
Figure 3. Firms' export status



Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020 and Lao PDR SMECS – Wood processing sector. Data collected February 2020

Our company

● Receipts ● Sales ● Orders



FINDINGS AND ANALYSIS

Business items

● Sales ● Orders



CONTEXT

Early 2020, the outbreak of novel coronavirus, COVID-19, caused an unprecedented human crisis with a growing impact on the global economy. There is great uncertainty about the severity and length of the crisis and this may differ from country to country and region to region, as the full effects of the pandemic are still largely unknown.

The COVID-19 crisis will likely impact the global wood market through the following main factors: weaker economic growth results in a depressed demand, lower consumption due to high uncertainty, supply shocks due to factory shutdowns, logistical challenges and bottlenecks and quarantine labourers. Additionally, major trade shows related to the wood industry are being postponed.

Despite the level of uncertainty, it is clear that the duration and severity of the market effects will vary across regions. For instance, producing regions, which are significantly dependent on cross-border trade to deliver low value-added wood products, are more likely to be vulnerable in the short-term.

In Lao PDR, GDP growth is expected to fall to negative growth rate of -0.5% (June 2020, Asian Development Bank). Projections indicate that Lao PDR is expected to be among the most affected countries in the East Asia and Pacific region in terms of exports declined (3.6%) after Hong Kong SAR (5.2%).^[3]

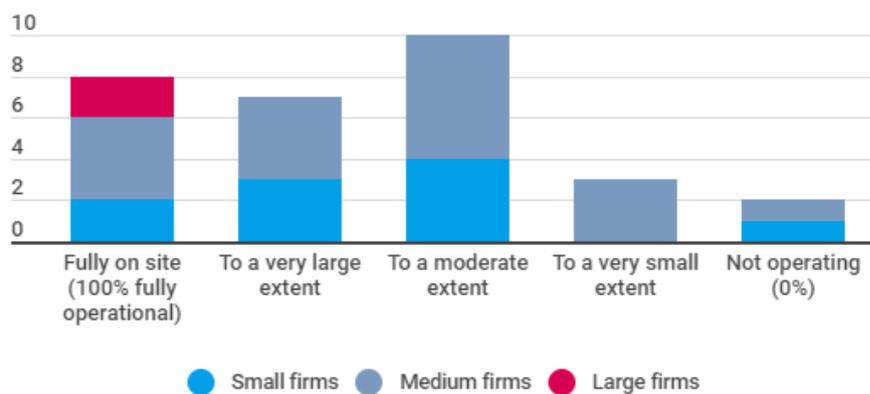
The onset of the pandemic has affected Laotian business and employment across sectors on both demand and supply sides. According to the COVID-19 Impact on Business Survey by the Lao National Chamber of Commerce and Industry (LNCCI)^[4], over a third (31%) of respondents in the manufacturing indicated to be at risk of ceasing business operations. Further, in the “Rapid assessment impact of Covid-19 on Industrial/manufacturing Sector of Lao PDR” conducted by the United Nations Industrial Development Organization (UNIDO), 70% of responding firms indicated they would close operation within a month if the Government restrictions were to continue. Notably, there responses vastly changed when they were asked about their ability to get back to operations if the pandemic and corresponding restrictions were to end soon. Then, most firms (96%) indicated they would be able to recover quickly (within a month or between two to three months).



CURRENT IMPACT OF COVID-19 CRISIS ON WOOD PROCESSING BUSINESS OPERATIONS

About 43% of the surveyed companies reported being either fully operational or operational to a very large extent by the time of the assessment. At the same time, 33% of the surveyed firms indicated having resumed operations to a moderate extent, while 10% reported being operational to a very small extent. Only 2 (7%) companies said that they were not operational.

Figure 4. Most firms report being operational to at least a certain extent



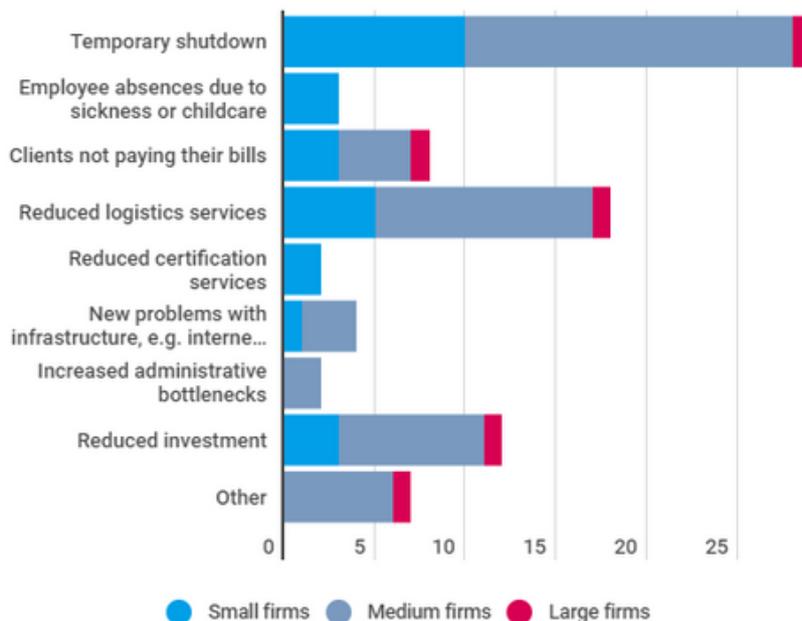
Note: Respondents were asked "Is your enterprise currently in operation?"

Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

Nearly all Lao wood manufacturers reported being affected by the temporary shutdown (lockdown) of the country. The second key challenge they reported was reduced logistic services, followed by reduced investment and clients not paying their bills. Two specific impacts were reported only by small firms, namely employees' absences due to sickness or childcare and reduced certification services. Other challenges mentioned were that workers from neighbouring countries could not continue working in Lao PDR due to closure of borders, a decrease in exports and customers temporarily closing their businesses, both causing a raise of stock of products.

"Staff from neighbouring countries cannot come back to Laos because the borders are still closed", survey respondent.

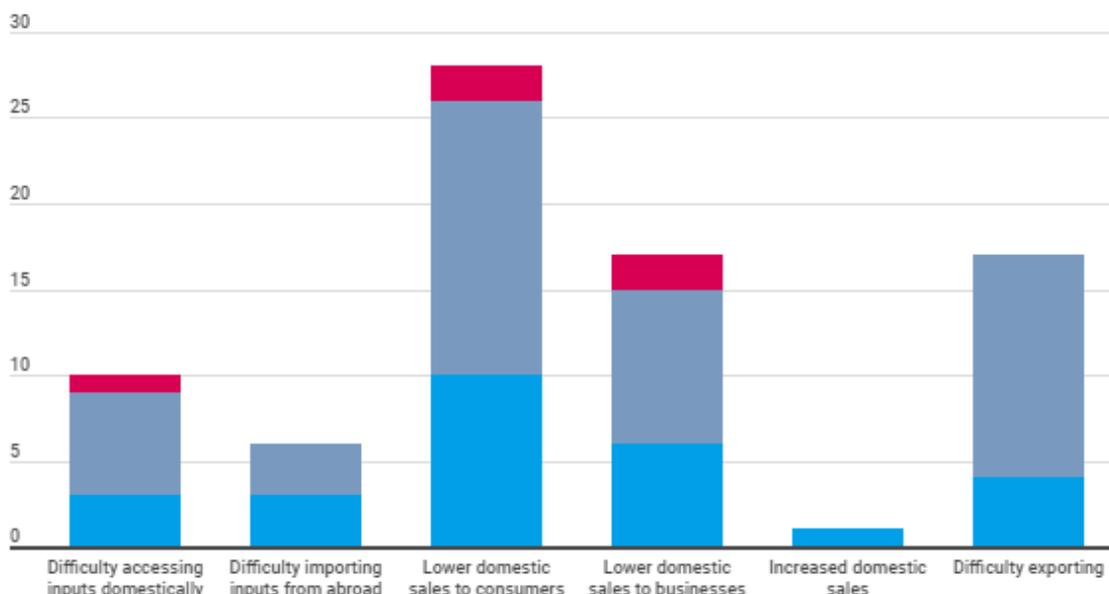
Figure 5. Ways in which the coronavirus (COVID-19) pandemic has affected wood manufacturers



Note: Respondents were asked “has the coronavirus (COVID-19) pandemic affected your enterprise in any of the following ways?”
Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

Nearly all surveyed firms indicated that because of the COVID-19 crisis, they faced challenges to sell domestically to consumers. Similarly, more than half of the firms (57%) reported lower domestic sales to businesses and an equal share indicated experiencing difficulties to export. These challenges are likely linked to reduced logistic services and new issues with infrastructure, as a result of the pandemic crisis, as seen in Figure 5. In addition to logistic and infrastructure challenges, the shutdown of factories in importing countries creates a chain reaction – supply chain disruption – affecting exports of countries, such as Lao PDR, through a reduced demand for inputs. Firms also expressed facing other challenges, such as difficulties accessing inputs domestically and importing them from abroad. These negative effects on the firms’ abilities to purchase inputs and/or sell outputs are illustrated in Figure 6.

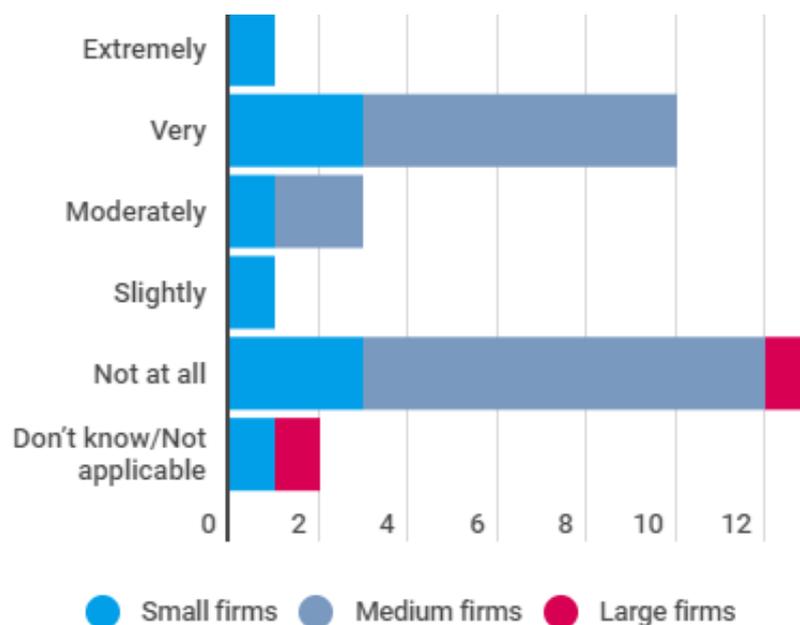
Figure 6. Effects on ability to purchase inputs and/or sell outputs



Note: Respondents were asked “Has the coronavirus (COVID-19) pandemic affected the ability to purchase inputs for your enterprise and/or sell outputs?”
Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

Wood manufacturers were asked whether they had experienced increments in their timber stock due to the lower demand from domestic and export markets. Roughly, 37% of companies indicated experiencing an increment in their timber stock to at least a moderate level. Higher levels of stock are likely associated to a decline in demand from customers. This raise in stock levels can represent great potential as inputs for further processing and/or marketing, if adequate storing facilities are available (e.g. to avoid damages due to humidity). On the other hand, 47% of firms indicated only a slight increment or no increment at all. The latter could be an indication of continuous supply to domestic/foreign markets or a reflect of difficulties sourcing inputs during the reporting period.

Figure 7. Number of companies reporting on increments in their timber stock



Note: Respondents were asked "Is your raw timber stock increasing?"

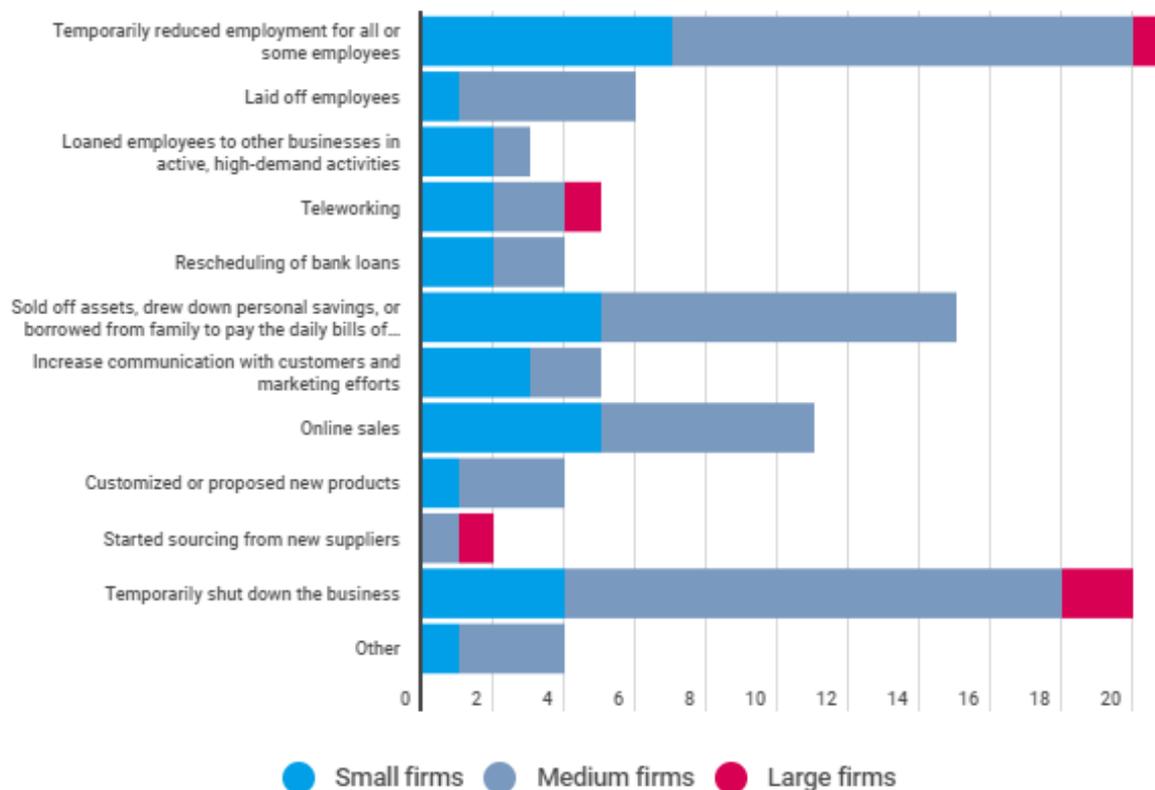
Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020



MEASURES AND STRATEGIES PUT IN PLACE TO COPE WITH THE CRISIS

All surveyed firms reported having adopted a measure to cope with the crisis. The top two measures ranked by firms were temporarily reduced employment for all or some employees (70% of firms) and temporarily shut down of their businesses (67% of firms). Another measure mentioned by firms were selling off assets, draw down from personal savings or borrowed from family to pay daily bills of their businesses (50%). None of the firms indicated having filed for bankruptcy. Notably, 37% of firms – both small and medium enterprises – indicated entering into online sales as a response to the crisis. This is consistent with findings from the Organisation for Economic Co-operation and Development (OECD)[5] reporting an annual growth of 20% in e-commerce users in Lao PDR in April 2020 compared to the previous year. A smaller share (17%) reported having increased communications with customers and marketing efforts and a lower share (13%) said they had customized or proposed new products.

Figure 8. Strategies adopted to cope with the crisis by type of firm

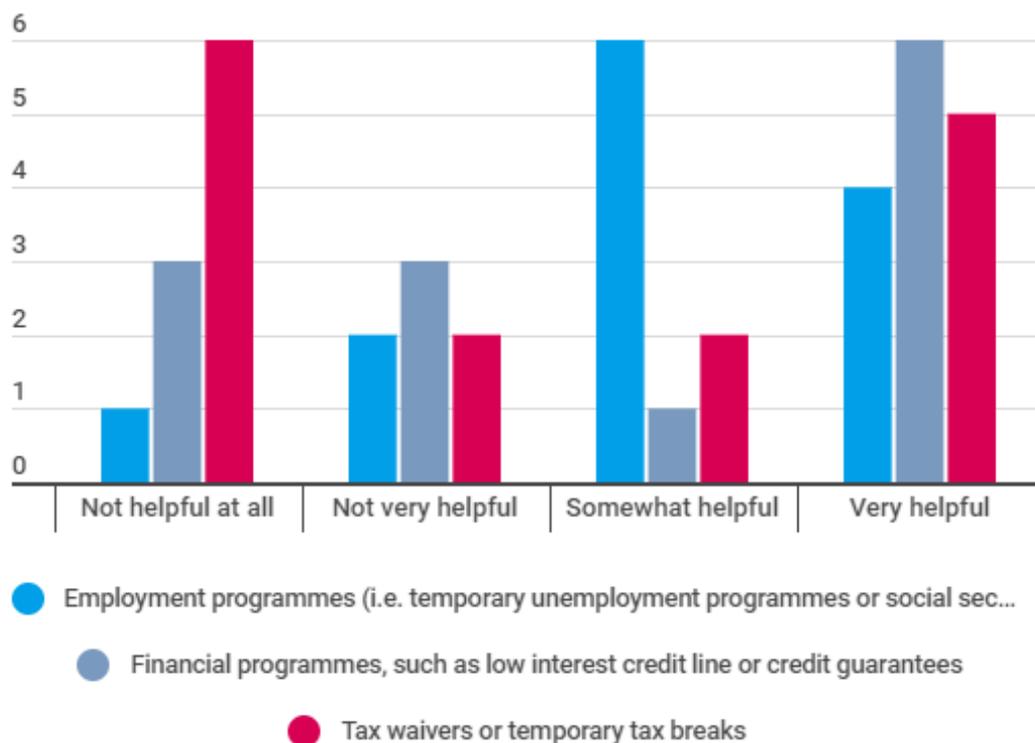


Note: Respondents were asked "Did you adopt any of the following strategies to cope with the crisis?"

Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

The government of Lao PDR has put in place a series of measures to help businesses during the pandemic crisis, by implementing for example tax breaks and exemptions and debt reclassifications. Surveyed firms were asked about the most helpful measures that could be implemented by the Government. The highest ranked initiatives were tax waivers or temporary tax breaks, employment programmes and financial programmes.

Figure 9. Top 3 government measures to support wood processing businesses



Note: Respondents were asked "Which government measures would help you the most to cope with the COVID crisis"
Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

About 40% of the surveyed firms reported accessing information and benefits from government COVID-19 assistance programmes was very difficult or difficult. Nearly half of the respondents indicated that access to information and benefits was standard in terms of difficulty. None of the firms said that they considered access to information and benefits as very easy.

Figure 10. Ease of access to information and benefits from government COVID-related SME assistance programmes



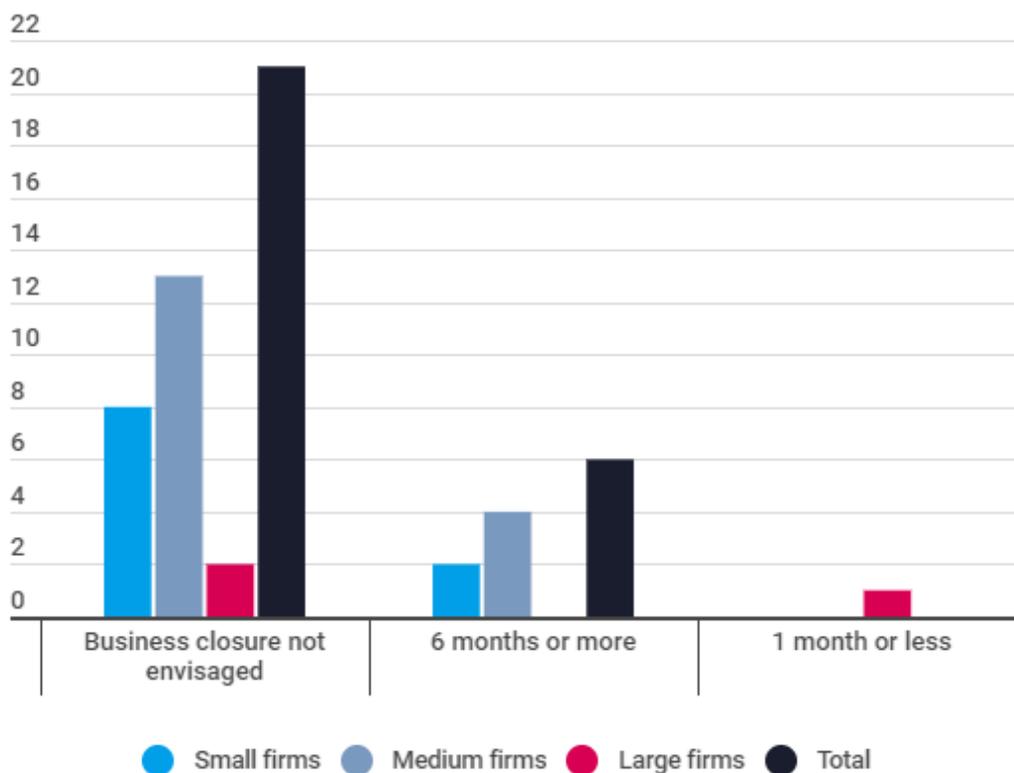
Note: Respondents were asked "How easy is it to access information and benefits from government COVID-related SME assistance programmes?"
Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020



RECOVERING AND RESPONDING TO THE COVID-19 CRISIS

Most firms remain optimistic, as over two thirds of surveyed companies indicated that they had not envisaged a business closure. A small share composed of small and medium firms said that there is a risk of permanent shutdown due to the pandemic crisis within the next six months. One large firm manifested the same risk within one month or less.

Figure 11. Potential business closure by type of firm



Note: Respondents were asked “Do you think there is a risk that your business will permanently shut down because of this crisis, and if so, when could this closure occur?”
Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

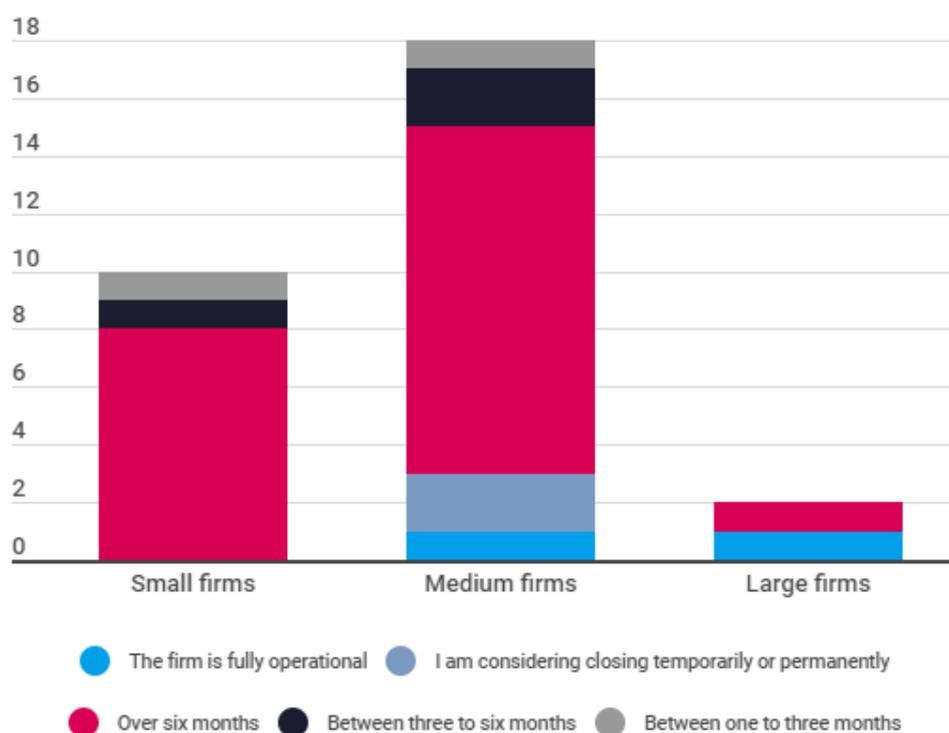
Most of the surveyed firms indicated that restoring their operations to their full capacity will take them over six months, see Figure 12. Amongst small firms, 80% responded that it would take them over six months to restore operations, while a smaller share indicated between one to three months and between three to six months. Among the medium firms, most of them indicated a period of over six months would be necessary to restore to full operations. Other responses included the firm being fully operational in a timeframe of one to three months and between three to six months. A couple of medium-sized firms indicated they were considering closing temporarily or permanently. Among large firms, half of them indicated being fully-operational and the other half said needing a period of over six months to restore operations.

Among small firms, the main challenge to ramp up production was reported to be transport and logistic problems. Meanwhile, among medium-sized firms, the most common challenge was the slow recovery of or decline in demand, followed by problems of cash flow. Large firms also reported the aforementioned challenges as the main constraints to ramp up production, see Figure 13.

Other difficulties mentioned were the closure of borders, help needed in finding markets, complex government regulations to export, insufficient workers and low worker skills, among others. It is worth mentioning that besides the closure of borders, these challenges had been identified through the Wood Processing Sector Export Roadmap, as constraints affecting the sector (pre-COVID). Need for assistance in finding markets may have turned into a more acute challenge for firms during the pandemic crisis, due to increased challenges to export to traditional markets.

“Wood processing business is very vulnerable. This is because of difficulty to find raw materials. Domestic customers prefer metal and other materials more than wood. International customers prefer to trade with Thailand and Vietnam, with stable supply and low price, more than Laos (...) it is hard to look for the market”,
survey respondent

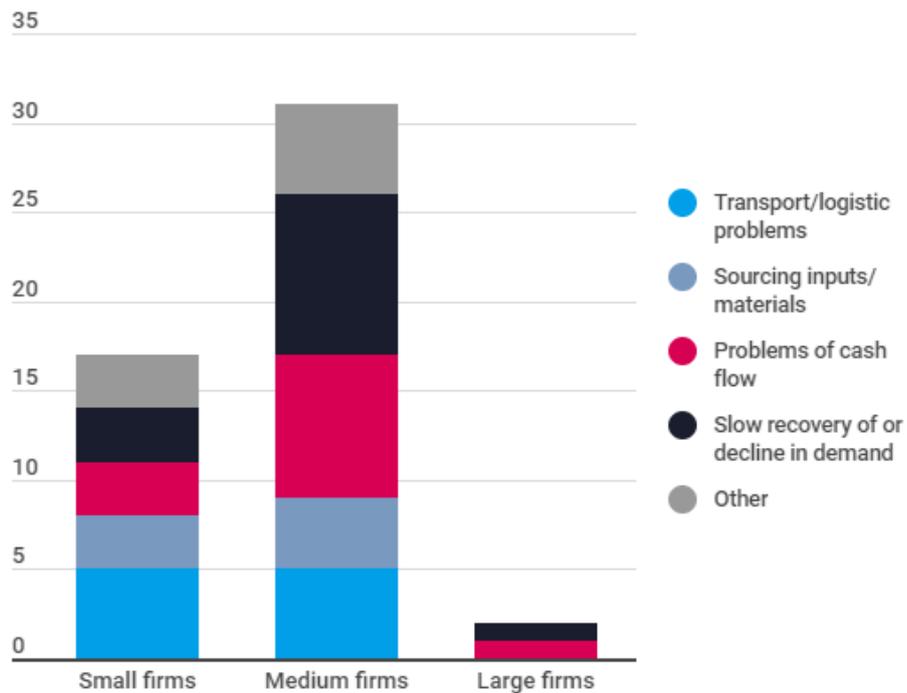
Figure 12. Time to fully restore operations by type of firm



Note: Respondents were asked “how long would it take your enterprise to fully restore operations?”

Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

Figure 13. Main challenges to ramp up production by type of firm

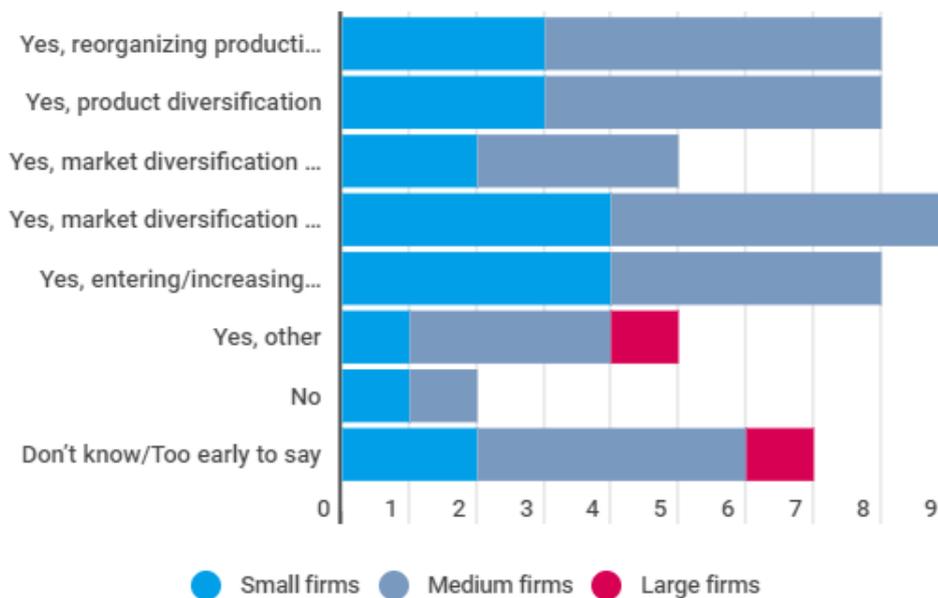


Note: Respondents were asked "In your view, which will be the main challenge in ramping up production, managing your supply chain and developing markets?"

Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

Wood processing businesses are already assessing different strategies. The most ranked option is market diversification to supply more to the domestic market (30%), followed by increase or entering online sales (27%), product diversification (27%) and reorganizing production scale and capacity (27%). See below figure 14.

Figure 14. Re-evaluation of business strategies by type of firm

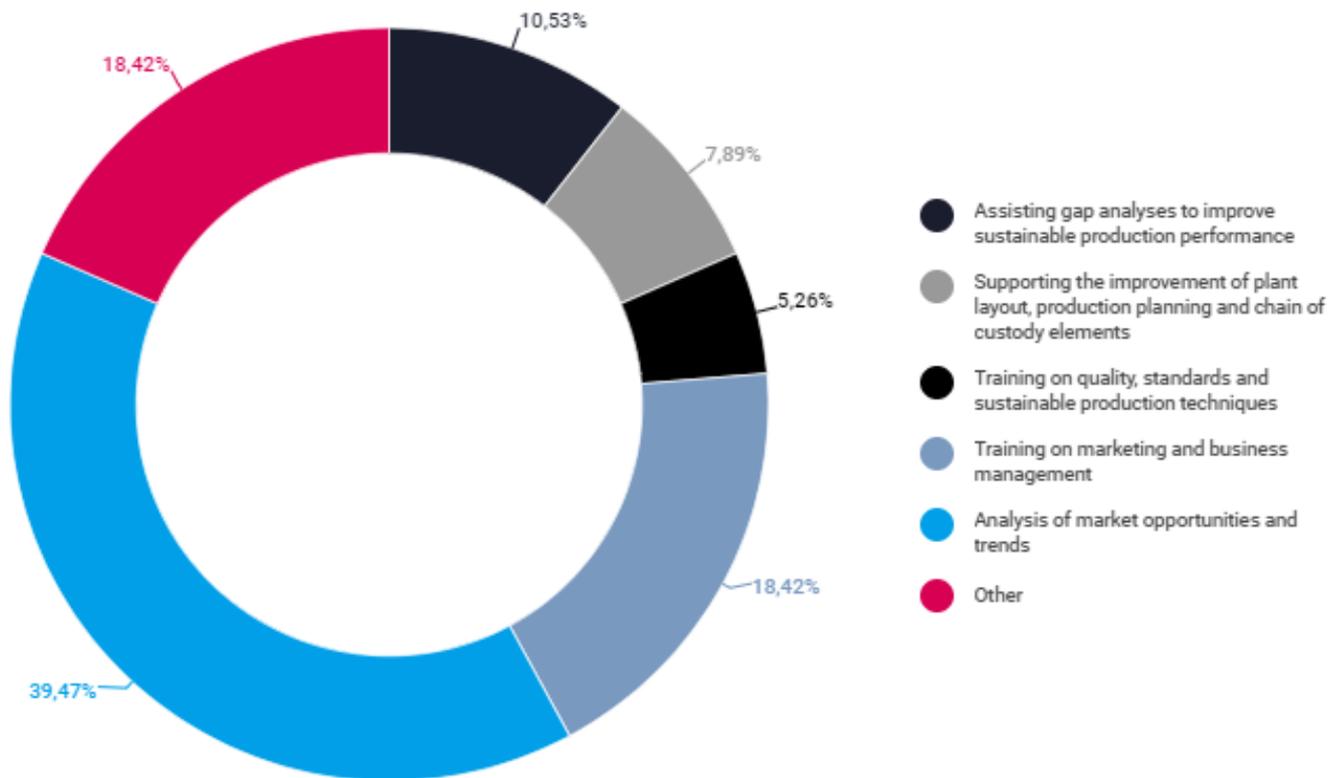


Note: Respondents were asked "Is your company re-evaluating its business strategy as a direct result of the COVID-19 outbreak?"

Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

In line with the above, wood processing businesses requested support on analysing market opportunities and trends (40%), training on marketing and business management (18%), followed by assistance in gap analyses to improve sustainable production performance (11%), supporting the improvement of plan layout, production planning and chain of custody elements (8%) and training on quality, standards and sustainable production techniques (5%). See Figure 15.

Figure 15. Assistance required by wood processing companies



Note: Respondents were asked "What do you think the Lao Arise plus initiative should do to help businesses like yours cope with the crisis?"

Source: ITC calculations based on Lao PDR COVID-19 Rapid Assessment on the Wood processing sector. Data collected 25 June – 10 July 2020

The image features a background of light-colored wood grain with a prominent horizontal texture. A solid blue horizontal band is positioned across the middle of the page, containing the main title in white, bold, uppercase letters.

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The COVID-19 crisis has impacted the Lao PDR economy. Below are some findings from the rapid assessment to the wood processing sector:

- **Current impact of COVID-19 crisis on wood processing business operations:** Most of the surveyed firms report to be operational at least to a certain extent. Among the main constraints emerging from the pandemic crisis, Lao wood manufacturers were most affected by the temporary shutdown (lockdown) of the country. Regarding the effect on firms' ability to sell outputs/buy inputs, the main identified negative impact was difficulties to sell domestically to consumers. They also indicated experiencing difficulties to sell domestically to businesses and difficulties to export. These challenges could be partially explained by a reduction of logistic services. In addition to this, small firms were particularly impacted by employees' absence and reduced certification services. Wood processing companies also indicated facing challenges in accessing inputs both domestically and from abroad.
- **Measures and strategies put in place to cope with the crisis:** The two main coping strategies firms reported adopting during the crisis were: reducing temporarily employment and temporarily shutting down their businesses. Also, half of the firms mentioned selling off assets, using personal savings or borrowing from family to pay daily bills of their businesses which reflects cash flow challenges during the pandemic. Interestingly, close to 40% of firms reported entering into online sales as a response strategy in face of the pandemic. Regarding supporting measures, respondents indicated tax waivers or temporary tax breaks, employment and financial programmes were the most helpful measures that could be implemented by the Government. Further efforts are required to facilitate access to information and benefits from Government COVID-19 assistance programmes, as nearly 87% of firms said they faced some degree of difficulty in accessing them.
- **Recovering and responding to the COVID-19 crisis:** Most firms indicated that they had not envisaged a business closure and the majority reported that restoring their operations to full capacity would take them over six months. The main challenges to ramp up production varied based on the size of the company. While among small firms, the chief challenge was related to transport and logistic problems, most medium-sized firms indicating slow recovery or decline in demand, followed by cash flow problems as the main difficulties to ramp up production. A few firms highlighted difficulties existing before COVID-19, such as complex government regulations to export and help needed in finding markets. Furthermore, market diversification to supply more to the domestic market, increasing or entering online sales and product diversification were the most common strategies being assessed as a direct result of the Covid-19 crisis. Specific assistance requested included analysing market opportunities and trends, training on marketing and business management and assistance in gap analyses to improve sustainable production performance.

RECOMMENDATIONS

Based on the findings of the rapid assessment and aligned with the research and stakeholder consultations in the context of the ARISE+ Lao PDR project, a series of short- and medium term recommendations are being provided below.

Short-term: mitigate and respond to the COVID-19 crisis:

1. Addressing supply chain disruptions: Small firms indicated transport and logistic problems as the most important challenges to ramp up production. Moreover, this issue has been prevalent since before the COVID-19 crisis. Ensuring wood manufacturers have sufficient supply of raw materials will be key as part of a sector recovery plan. Linkages between businesses to reinforce domestic supply chains should be further fostered. Stimulating linkages between producers and processing companies and the formation of SME groups to organize collective raw material purchasing will be critical.

2. Improve access to finance: Wood processing companies have or are suffering from cash-flow challenges.

- **Public sector:** The government can support sector firms meet their short-term liquidity needs through facilitating low-interest or emergency zero-interest loans or cash grants. Trade finance can be helpful to enable MSMEs keep their export clients. Further, the government could explore the possibility of waiving customs fees and providing grants to businesses to replace lost export revenues. As mentioned by some respondents, tax waivers or temporary tax breaks can help mitigate the COVID-19 financial impact in wood processing firms.
- **Private sector:** MSMEs should work on i) reaching out to local investors to bring liquidity, ii) focusing on product lines that provide the quickest access to cash and iii) identifying efficiency gains, e.g. negotiating new terms with input suppliers and service providers.
- **Development partners:** In other country-cases, development partners have provided support to SMEs through grants through partner banks, for example[6].

3. Access to information and benefits from Government measures: Further efforts are required to facilitate access to information and benefits from Government COVID-19 assistance programmes. Working closely with relevant chambers and sector associations to disseminate information should be sought for.

4. Domestic market: A significant share of respondents indicated difficulties to sell domestically to customers and/or other businesses as a chief challenge. Spurring domestic demand, for example, through government procurement, can help make up for the first wave of export restrictions due to borders closing.

5. International markets.

- Market information: To build the resilience of MSMEs, it is critical to enable them a better access to regulatory and market information. Promote online meetings with international trading partners to learn about market developments in collaboration with private sector representatives, e.g. LNCCI and sector associations. This will help forecast new consumer trends.
- Market intelligence: Specific assistance requested by respondents included analysing market opportunities and trends and training on marketing and business management

6. From challenges to opportunities: Internationally, this is the best time for Lao PDR to realign all its requirements to conform to international standards to boost exports, when market demand picks up in 12 to 18 months-time. This includes continuing the negotiations for the VPA with the European Union. Specific assistance requested by respondents also included support in gap analyses to improve sustainable production performance, supporting the improvement of plan layout, production planning and chain of custody elements (8%) and training on quality, standards and sustainable production techniques, among others.

Medium-term: adapt and thrive post-COVID-19 crisis

Building MSME's resilience will help them face any future economic declines.

1. Boost post-crisis competitiveness on e-commerce. Many businesses will improve their digital capabilities amidst the crisis. It is expected that product-based businesses will begin offering their product portfolios online. E-commerce is expected to accelerate – and potentially – boom post-Covid-19 crisis[7], being a powerful instrument for MSMEs to tap into a wider range of international buyers and alternate suppliers. For wood processing, online channels are relevant for both B2B and B2C.

2. Business support organizations, e.g. LNCCI and sector associations, can help businesses build their online presence and can even serve as intermediaries between MSMEs and potential customers abroad. Digital platforms can help pool resources, create economies of scale and access new market opportunities.

3. Expand outreach to new markets and support the participation of companies in trade fairs and arrange business-to-business meetings to increase linkages with new buyers.

4. Form a sector development committee - in alignment with the Wood Processing Sector Export Roadmap - to guide strategically sector reorganisation and plan implementation of strategic programs.

Footnotes:

[1] For more information on ITC's COVID 19 survey, see: <https://www.intracen.org/survey/Tell-us-how-your-business-is-affected-by-COVID-19/>

[2] ITC SMECS' definitions: The firm is micro if the number of its employees is between 1 and 4, small – between 5 and 19, medium between 20 and 99, large - more than 100. For more information on ITC's Competitiveness Surveys, see: <http://www.intracen.org/SMEintelligence>

[3] Maliszewska, Maryla; Mattoo, Aaditya; van der Mensbrugghe, Dominique. 2020. The Potential Impact of COVID-19 on GDP and Trade: A Preliminary Assessment. Policy Research Working Paper; No. 9211. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/33605> License: CC BY 3.0 IGO.

[4] LNCCI (2020). Impact of Covid-19 survey report, April 2020

[5] OECD (2020). "Economic Outlook for Southeast Asia, China and India 2020 – update: Meeting the challenges of Covid-19" Available at: http://www.oecd.org/dev/asia-pacific/SAEO2020_update_complete_ebook.pdf

[6] EU and EBRD step up access to finance for SMEs in

Western Balkans. Available at: https://ec.europa.eu/neighbourhood-enlargement/news_corner/news/eu-and-ebrd-step-access-finance-smes-western-balkans_en

[7] ITC (2020). Supporting small businesses through the COVID-19 crisis and towards the future: A 15-Point Action Plan

ANNEX

Questionnaire

1. Establishment's name
2. Was this company part of ITC's SMECS survey (conditional question)
 - Yes (moves to section B)
 - No (moves to section A)
3. ID Number

SECTION A: General Information

4. How many full-time employees does the business have? (single select)
 - 0
 - 1-4
 - 5-19
 - 20-99
 - 100-249
 - 250 and more
5. What is the main sector of activity of the business? (single select)
 - Agriculture
 - Mining and natural resources
 - Agri-processing
 - Non-food manufacturing
 - Retail and wholesale
 - Travel and transport
 - Accommodation and food services
 - Information technology
 - Finance
 - Other services
6. What is the gender of the top manager of the business? (single select)
 - Female
 - Male
 - Don't know
7. What is the age of the top manager of the business?
 - 34 years and younger
 - 35 years of age and older
 - Don't know
8. Is this establishment currently registered with or licensed by a national authority? (single select)
 - Yes, registered business
 - Freelancing/independent/consultant
 - No, unregistered business
 - Do not know
9. Does the business participate in international trade? (single select)
 - No, we buy and sell within our country only
 - We import but do not export
 - We export but do not import
 - We export and import

SECTION B: COVID-19 Impact

10. Has the coronavirus (COVID-19) pandemic affected the ability to purchase inputs for your enterprise and/or sell outputs? (multi-select)
 - Difficulty accessing inputs domestically
 - Difficulty importing inputs from abroad
 - Lower domestic sales to consumers
 - Lower domestic sales to businesses
 - Increased domestic sales
 - Difficulty exporting
 - Improved exporting
 - Don't know

11. Has the coronavirus (COVID-19) pandemic affected your enterprise in any of the following ways? (multi-select)

- Temporary shutdown
- Employee absences due to sickness or childcare
- Clients not paying their bills
- Reduced logistics services
- Reduced certification services
- New problems with infrastructure, e.g. internet or roads
- Increased administrative bottlenecks
- Reduced investment
- None of the above
- Other
- Don't know

12. Please specify which other effect. (Open ended question)

13. Did you adopt any of the following strategies to cope with the crisis? (multi-select)

- Temporarily reduced employment for all or some employees
- Laid off employees
- Loaned employees to other businesses in active, high-demand activities
- Teleworking
- Rescheduling of bank loans
- Sold off assets, drew down personal savings, or borrowed from family to pay the daily bills of the business
- Increase communication with customers and marketing efforts
- Online sales
- Customized or proposed new products
- Started sourcing from new suppliers
- Temporarily shut down the business
- Filed for bankruptcy
- Other
- None

14. If you adopted a strategy not listed above, please explain below

15. Is your company re-evaluating its business strategy as a direct result of the COVID-19 outbreak? (multi-select)

- Yes, reorganizing production scale and capacity
- Yes, increasing prices of products
- Yes, product diversification
- Yes, market diversification to expand to more foreign markets
- Yes, market diversification to supply more to the domestic market
- Yes, entering/increasing online selling
- Yes, other (question 15 opens)
- No
- Don't know/Too early to say

16. What other business strategy are you evaluating? (open-ended question)

17. Do you think there is a risk that your business will permanently shut down because of this crisis, and if so, when could this closure occur? (single select)

- a. 1 month or less
- b. 3 months
- c. 6 months or more
- d. Business closure not envisaged

18. Which government measures would help you the most to cope with the COVID crisis (please order from 1 to 8, where 1 means most helpful and 8 means least helpful)

- Employment programmes (i.e. temporary unemployment programmes or social security waivers)
- Financial programmes, such as low interest credit line or credit guarantees
- Tax waivers or temporary tax breaks
- Reduction of tariffs on imported inputs
- Rent subsidies
- Cash transfers
- Support to self-employed
- Other

19. Please specify which other measure. (Open ended question)

20. How easy is it to access information and benefits from government COVID-related SME assistance programmes?
- Very easy
 - Easy
 - Standard
 - Difficult
 - Very difficult
21. What do you think the Lao Arise plus initiative should do to help businesses like yours cope with the crisis?
- Assisting gap analyses to improve sustainable production performance
 - Supporting the improvement of plant layout, production planning and chain of custody elements
 - Training on quality, standards and sustainable production techniques
 - Training on marketing and business management
 - Analysis of market opportunities and trends
 - Other, please specify _____
22. Is your enterprise currently in operation?
- Fully on site (100% fully operational)
 - To a very large extent
 - To a moderate extent
 - To a very small extent
 - Not operating (0%)
23. Is your raw timber stock increasing?
- Extremely
 - Very
 - Moderately
 - Slightly
 - Not at all
 - Don't know/Not applicable
24. Are you experiencing difficulty sourcing suppliers/materials due to disruptions from the COVID-19?
- Yes
 - Yes, but I expect the situation to improve in the next few weeks
 - No
25. How long would it take your enterprise to fully restore operations?
- Less than a month
 - Between one to three months
 - Between three to six months
 - Over six months
 - I am considering closing temporarily or permanently
 - The firm is fully operational
26. In your view, which will be the main challenge in ramping up production, managing your supply chain and developing markets? (multi-select)
- Slow recovery of or decline in demand
 - Problems of cash flow
 - Sourcing inputs/ materials
 - Transport/logistic problems
 - Other
27. If you answered "other", which one?
-

28. Please provide your email address if you would like to receive a copy of the report based on the responses to this survey and agree to be contacted by the International Trade Centre about future opportunities in your country. Your data will be kept confidential. (open-ended)





International
Trade
Centre

Street address: ITC,
54-56, rue de Montbrillant,
1202 Geneva, Switzerland

Postal address: ITC,
Palais des Nations,
1211 Geneva 10, Switzerland

Telephone: +41-22 730 0111
Fax: +41-22 733 4439
E-mail: itcreg@intracen.org
Internet: www.intracen.org

In partnership with:



ກະຊວງອຸດສາຫະກຳ ແລະ ການຄ້າ
Ministry of Industry and Commerce



ສະຫະພາບ ເອີຣົບ
European Union

This rapid assessment is part of the ARISE+ Lao PDR project funded by the European Union



Funded by the European Union