



UPS Business Monitor Latin America

January 2012



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Introduction

This fifth edition of the UPS Business Monitor Latin America provides a new outlook on the opinions, attitudes and trends among business leaders of small and medium sized enterprises in the region. The results of this study are based on the experience of the interviewees in their respective industries and trade arena.

The objective of the UPS Business Monitor Latin America is to provide business executives with a better understanding of the factors driving business decisions in Latin America.

This study covers the main issues that impact business executives: from the economic environment, business environment and global trade to issues such as competitiveness, CSR practices and trust in institutions, among others. It measures the pulse of SMEs, identifying their priorities and needs, and also their main concerns and the obstacles they face.



Methodology

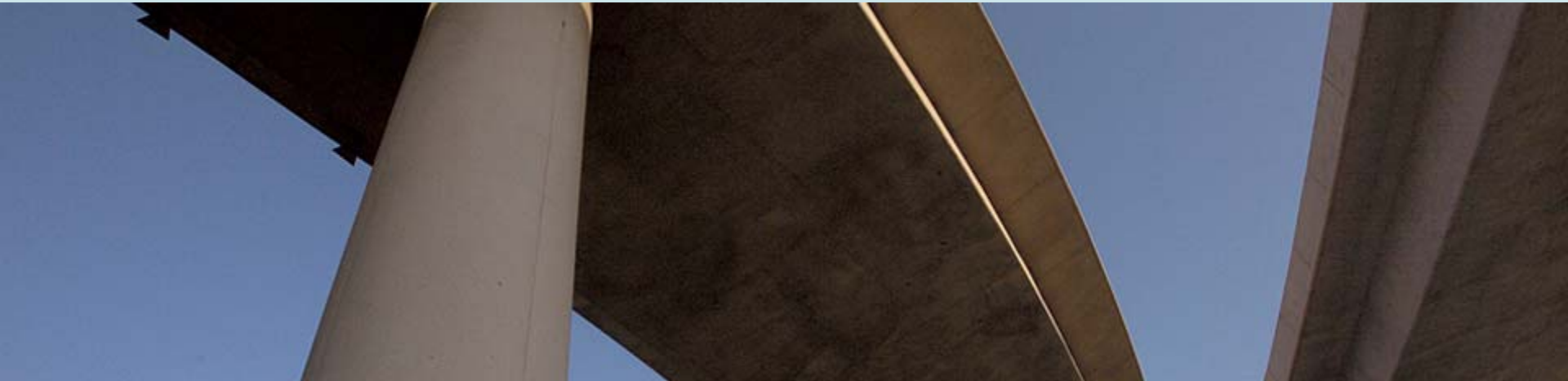
For this fifth edition of the UPS Business Monitor Latin America, 810 senior leaders were interviewed between October 26th and November 21st 2011. The survey was conducted by TNS Gallup Argentina, an independent global market research company.

The countries included in the study were: **Brazil** (150 interviews), **Mexico** (150 interviews), **Argentina** (100 interviews), **Chile** (100 interviews), **Colombia** (103 interviews), **Costa Rica** (104 interviews) and **Dominican Republic** (103 interviews).

The results are presented for the entire region – weighted according to each country's GDP - as well as specific results for each country. Results are also shown according to the size of the company and their engagement in global trade. For this survey, SMEs were defined as any company with 250 or fewer employees, and as high level executives to all those responsible for making strategic decisions that have a direct impact on the future path of the company. A random sample was taken.



MAIN FINDINGS



Main Findings

Business Environment

Half of the Latin American businessmen surveyed positively assessed the growth of their company and consider that the economic position of their business today is better than the year before. Regardless, their levels of optimism have not reached the same levels registered prior to the 2008 crisis.

Looking into the future, the majority of the business executives are optimistic about improvement in 2012. However, a decrease in the positive perspective for the growth of the SMEs is observed with respect of 2010.

Regarding the concerns over business issues, two topics related to the workforce stand out: finding and retaining skilled personnel and the increase in labor costs. Both of these concerns grow in respect of previous reports.

The main aspects for improving the competitiveness of SMEs are to have a skilled workforce and the adoption of IT.

In relation to investment priorities for the coming year, marketing and sales and physical infrastructure arise as the main issues.

Despite the stable forecast in the next year, half of the SMEs of the region plan to increase their workforce, while the other half will remain the same. Since the global economic crisis, the perspectives of changes in personnel have maintained stable.

Economic Environment

The majority of the Latin American SMEs interviewed believe that we are entering a stage of global economic recession.

There are mixed opinions between those who think that the economic

and financial environment will negatively impact their business in 2012 and those who consider that they will not be affected at all. On the other hand, only 1 out of 10 expect to see benefits in their businesses.

With regard to the preference of which country should influence the economical and political future of the Region, most SMEs chose Brazil.

Among the industries that represent the greatest growth opportunities in the Region, SMEs highlight construction, technology and business services.

Other industries thought to have opportunities are leisure and tourism, transportation/logistics and manufacturing. When assessing opportunities in their own industry executives also highlight technology and construction.

Main Findings (cont.)

Global Trade Prospects

The majority of the SMEs interviewed are currently engaged in international trade or have plans to do so.

When assessing the economic growth perspectives by country, the regions with the most optimistic forecast for the future are, in first place, the interviewee's own country, followed by Latin America and Asia Pacific. On the other hand, Africa and Europe are the regions projected to have the lowest growth. North America is ranked in the middle.

Latin America is also the region where the trade volume of the Latin American SMEs is foreseen to grow, followed by North America and Asia Pacific. On the contrary, a drop in trade with Europe, Africa and the Middle East is foreseen.

The vast majority of the interviewed SMEs consider global trade to have been beneficial for their business. Only 1 in 10 believes the contrary.

Despite the optimistic forecast for the Region, there are mixed opinions regarding the growth of exports.

Some executives believe that their exports will remain at the same level over the next year; while others think that there will be a decrease. Only a small portion of the interviewees (5%) believe they will grow.

The main barrier for global expansion for the Latin American SMEs interviewed is export/import taxes.

Competitiveness and New Technologies

Half of the SMEs interviewed state that government regulations are favorable for their business, while the other half believes the contrary.

According to these Latin America SMEs, the government should focus on education and training, followed by access to capital to help them be more competitive.

With regard to technology, the interviewed executives pointed out issues linked to internet (slow bandwidth, service outages, viruses and spam emails) as their main problems.

But they recognize that the incorporation of new technology has allowed for customer service improvements, increasing the competitiveness of the SMEs in the Region.

The vast majority of the executives interviewed use social networks for communicating with clients and suppliers, but also for publicity and to create new contacts. Brazil is the country in which social networks are least used for business.

Main Findings (cont.)

Corporate Social Responsibility and Institutions

Regarding CSR, explicit policies regarding environmental protection is the most implemented activity. In second place donations to NGOs appear, followed by community support programs and corporate volunteering activities.

Environmental protection policies have increased during 2011.

Education is the area that SME executives are most interested in developing in terms of CSR.

Regarding institutions, the political parties, Parliament and the unions are the least trusted entities among the Latin American executives surveyed.

On the contrary, the most trusted institutions are their own companies and the armed forces.

The trend shows a growth in the trust in companies. In exchange, the credibility of banks has slightly diminished.

BUSINESS ENVIRONMENT



Business Environment

Company growth over the past 12 months

Slightly more than half of the Latin American executives interviewed positively assess the growth of their company and consider the economic position of their businesses today as being better than a year ago.

However, 3 out of 10 do not perceive improvements and 2 out of 10 consider their company to be in a worse position. Comparatively, the SMEs surveyed do not show the same level of optimism demonstrated prior to the 2008 global financial crisis.

Analyzing the SMEs surveyed across each country, Colombian executives are the ones that rate the performance of their companies over the past year the highest, while in Argentina and the Dominican Republic the assessment is more negative. With respect to the year prior, only the Colombian and Mexican SMEs perceive

improvements, while in the rest of the countries reported the perception that performance has been the same.

Perspectives on company growth

The majority of interviewed SMEs in the Region are optimistic about the prospects for improvement in the next year: 6 out of 10 believe that in 12 months their company will be economically better and 3 out of 10 feel it will be the same as now.

Comparatively, a decrease in the positive perspective of the growth of the SMEs with respect to 2007 and 2010 is observed, although they are above the values recorded in the 2008 survey.

As with the assessment of the performance of the SMEs during the past year, the Colombian executives interviewed expect a better

economic position for the next 12 months. And again, Argentina is the least optimistic country regarding the future.

Comparing the results with the results from the 2010 edition of the BMLA, the positive opinions regarding the evolution of SMEs for the next 12 months decrease in all of the countries, with the exception of Colombia where they appear stable.

Most concerning business issues

Finding and retaining skilled personnel and the increase in labor costs are the issues that concern the Latin American executives interviewed the most.

Comparatively, the concern over these workforce related issues grows with respect to the previous BMLA.

Business Environment (cont.)

Finding and retaining skilled personnel is the main concern in Brazil, the increase in labor costs predominates in Argentina, and the increase in fuel and energy costs is the most concerning issue for the rest of the countries, especially in Dominican Republic.

Competitiveness

The main element reported needed to improve the competitiveness of SMEs is to have a skilled workforce and the adoption of IT. However, both aspects appear to be less important than in the 2008 survey while the importance given to governmental support increased.

No great differences between the SMEs' responses across each country are detected. In each market, the adoption of IT and the availability of a skilled workforce stand out as the main aspects.

Main investment priority

Investment in marketing and sales and physical infrastructure appear as the main investment priorities for the coming year. SMEs that don't plan on investing is a minority (4%).

Investment in marketing and sales is a priority in Dominican Republic, Brazil and Mexico, while for the rest of the countries surveyed the investment in infrastructure stands out. In Colombia the investment in Research and Development is more relevant. In Argentina and Costa Rica the amount of SMEs that state that they do not plan to invest is 1 out of 10.

Perspectives on workforce changes

Despite the forecast of stability for the coming year, half of the SMEs in the Region plan to increase their staff, while the other half will remain the same.

Since the global economic crisis, the perspectives of changes in the workforce have remained stable.

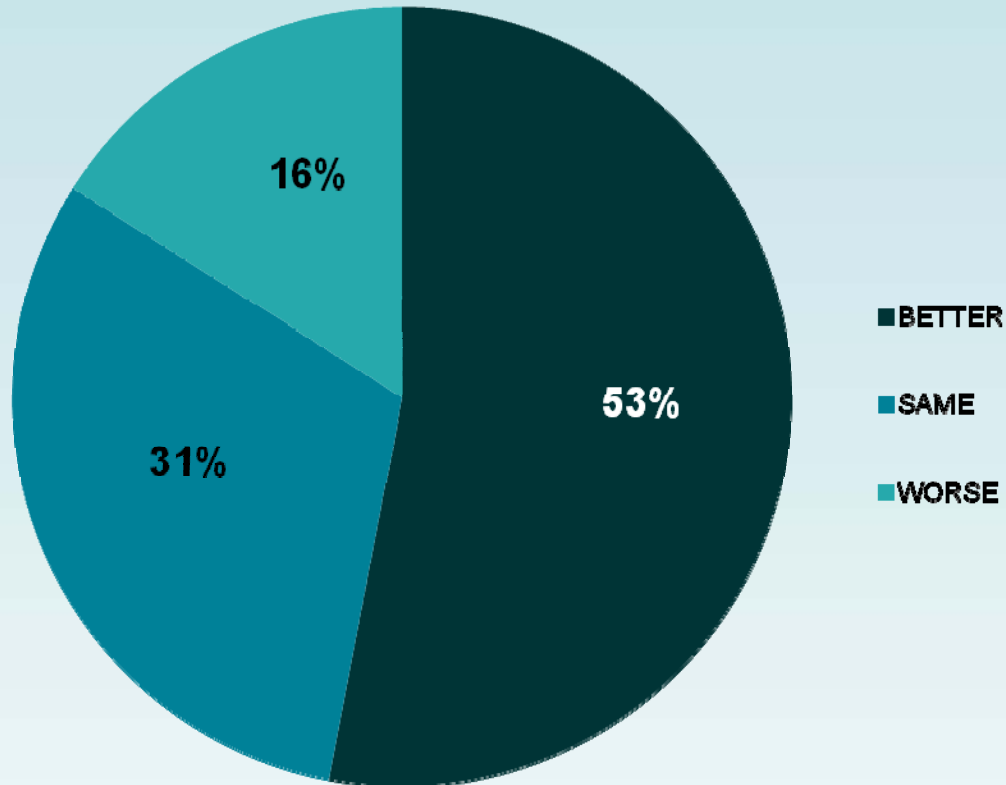
Brazilian SMEs responded as being the most optimistic with respect to the increase in the number of employees, while Argentina is where the greatest perspectives of stability are presented.

Overall, the amount of respondents stating that they will reduce their staff is low, although it reaches 1 in 10 executives in the Dominican Republic.

With respect to the 2010 survey, in Brazil and Colombia the amount of SMEs that plan to increase their workforce has risen. On the other hand, in Argentina and Costa Rica, the perspective of increasing staff has fallen.

Company growth over the past 12 months

Would you say that the economic position of your company is better, worse or about the same as it was 12 months ago?



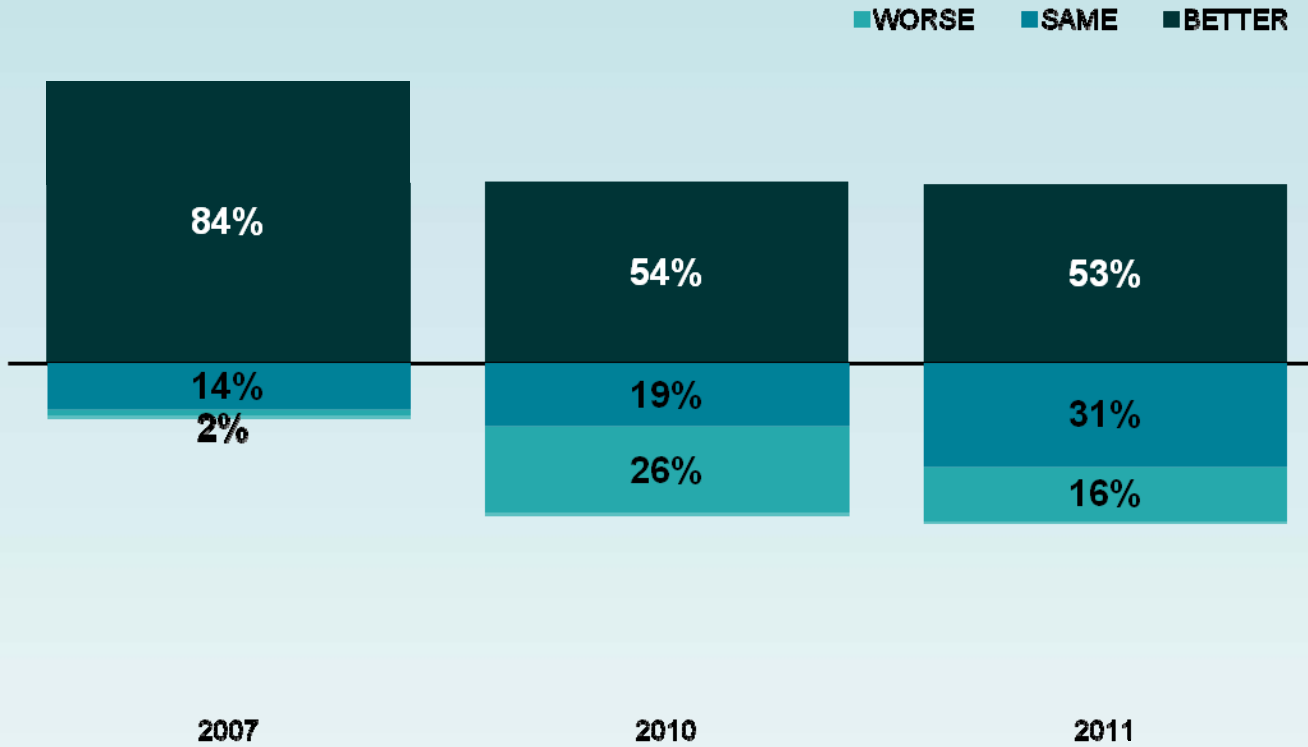
More than half of the Latin American businesspersons surveyed positively assessed the growth of their company and consider the economic position of their business today to be better than the previous year.

Three out of 10 SMEs did not report improvements and 2 out of 10 consider their company to be in a worse position.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Company growth over the past 12 months

Would you say that the economic position of your company is better, worse or about the same as it was 12 months ago?

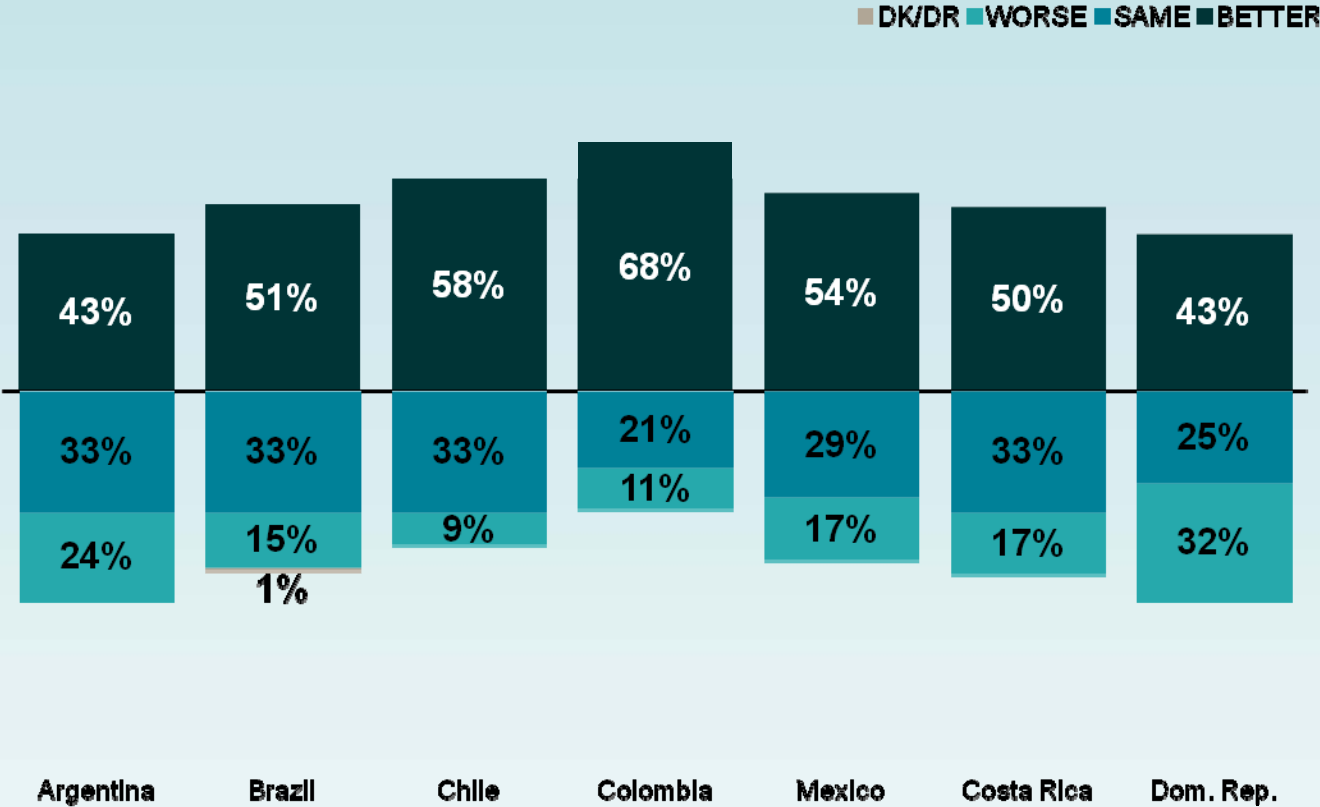


Comparatively, the level of optimism reported by SMEs have not returned to the same levels prior to the 2008 international financial crisis.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Company growth over the past 12 months

Would you say that the economic position of your company is better, worse or about the same as it was 12 months ago?

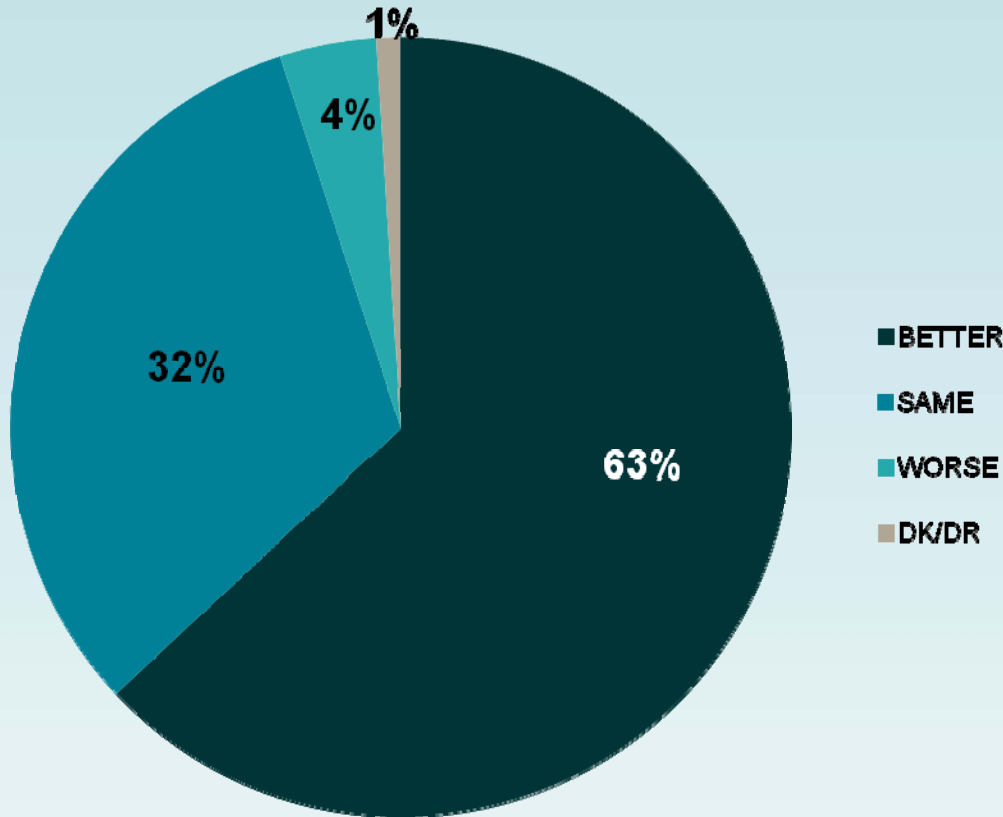


Colombian executives rate the performance of their companies over the past year the best, while the assessment is more negative among executives in Argentina and the Dominican Republic.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Perspectives on company growth

Twelve months from now, do you think the economic position of your company will be better, worse or about the same as it is now?



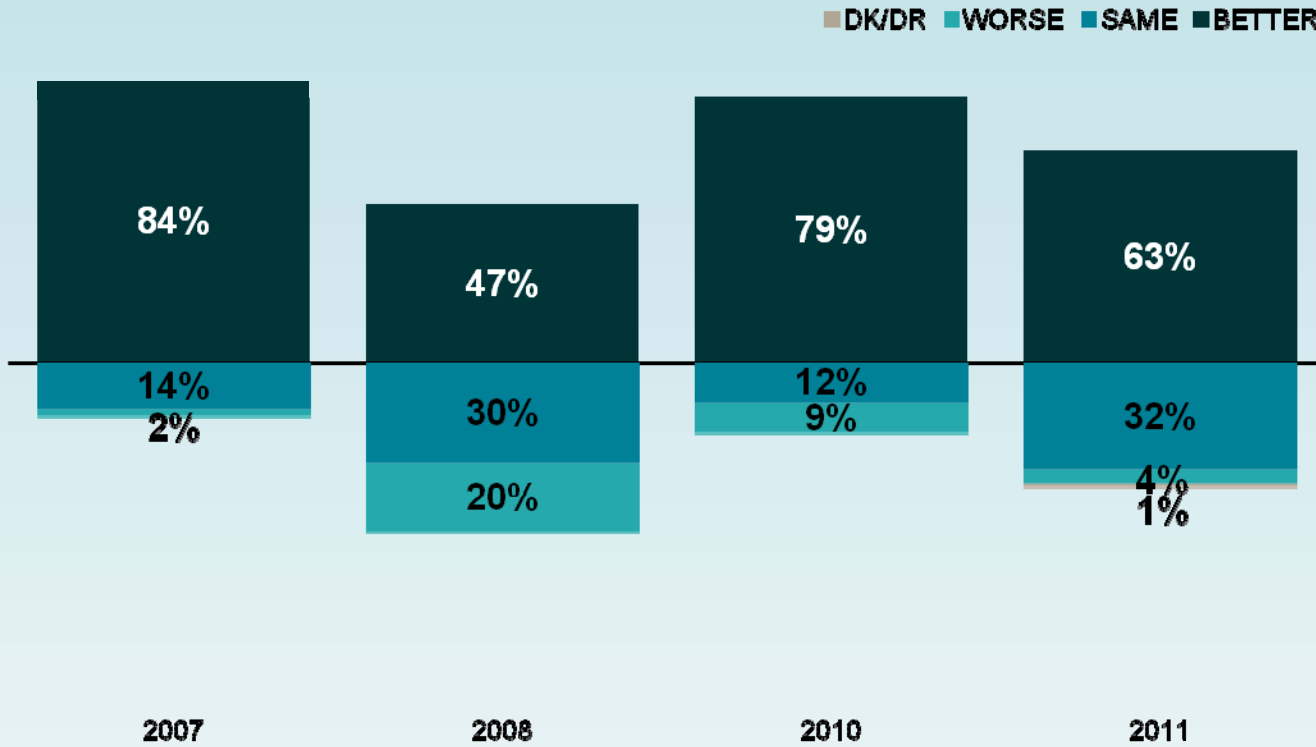
The majority of businesspersons surveyed are optimistic about improvements in their company's economic position in the next year.

Six out of 10 believe that in 12 months their company will be in a better economic position and 3 out of 10 feel it will remain the same.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Perspectives on company growth

Twelve months from now, do you think the economic position of your company will be better, worse or about the same as it is now?

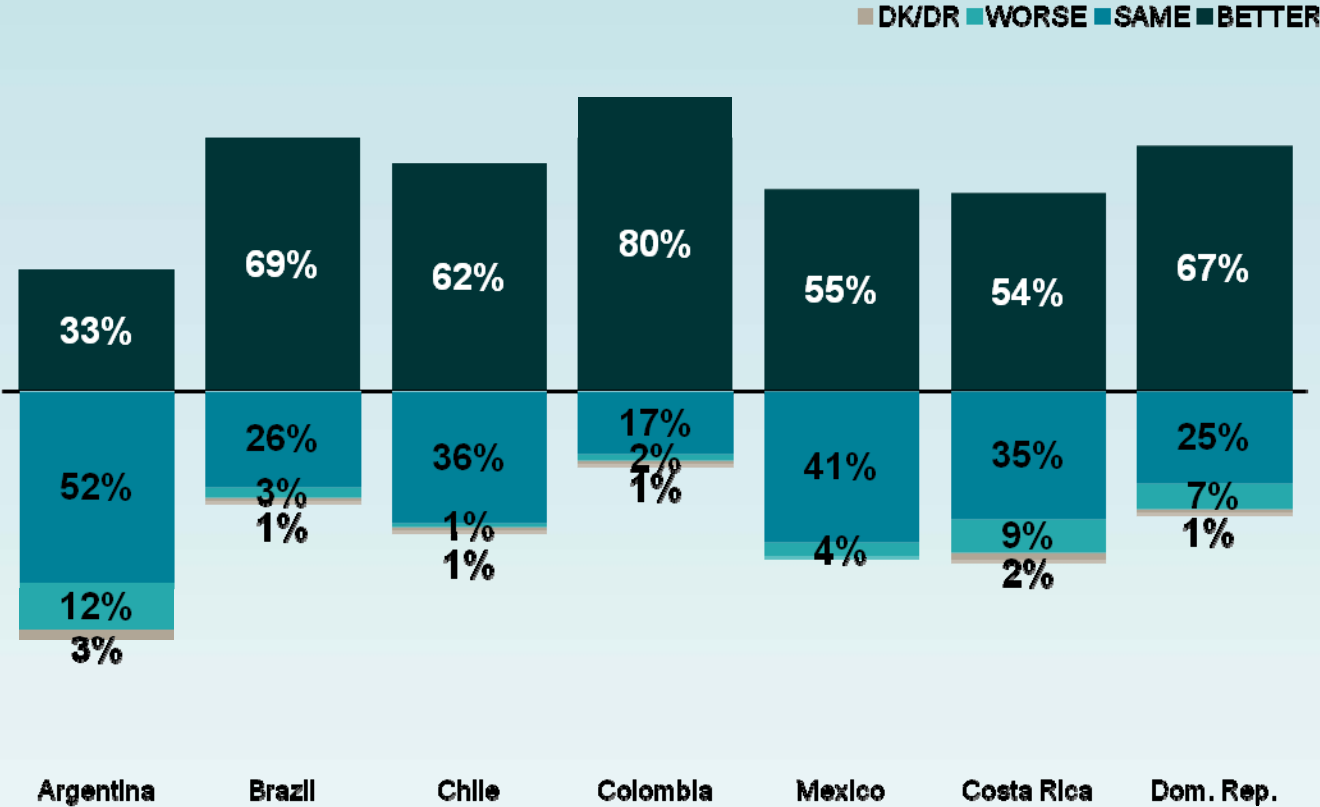


A comparison of the perspectives on company growth between 2011 to 2007 and 2010 showed a decrease in positive responses, however, the most recent survey results are above the values recorded in the 2008 survey.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Perspectives on company growth

Twelve months from now, do you think the economic position of your company will be better, worse or about the same as it is now?



Colombian SMEs, who registered the highest level of positive responses, expect a better economic position for the next 12 months.

SMEs surveyed from Argentina, on the other hand, are the least optimistic with respect to the future where half (52%) think that next year will be the same as the current year and 1 out of 10 (12%) think it will be worse.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Most concerning business issues

What are the main business issues that concern you the most?



Finding and retaining skilled personnel and an increase in labor costs are the issues identified as being the greatest concern to the SMEs surveyed.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Most concerning business issues

What are the main business issues that concern you the most?

	TOTAL REG.	ARG	BRA	CHI	COL	MEX	COS	DOM REP.
Finding/keeping qualified staff	49%	31%	69%	36%	25%	25%	21%	24%
Increasing costs in labor	37%	71%	43%	30%	27%	20%	37%	29%
Increasing cost in fuel/energy	28%	30%	19%	39%	27%	41%	46%	75%
Finding the right partners/suppliers	27%	11%	31%	23%	26%	26%	19%	15%
Market slowdown	26%	24%	23%	32%	25%	33%	36%	26%
Bureaucracy/regulation	26%	29%	31%	17%	17%	20%	27%	21%
Cash flow/rising debt (balance sheet)	21%	14%	21%	17%	24%	25%	19%	19%
Competitive pressures	17%	8%	21%	16%	23%	10%	14%	18%
Time to get goods/services to customers	8%	6%	4%	13%	8%	17%	13%	11%

Finding and retaining skilled personnel is the primary concern among the Brazilian SMEs surveyed, where 7 out of every 10 SMEs surveyed mentions.

Increase in labor costs is the main concern among SMEs in Argentina, where 7 out of every 10 executives highlighted it.

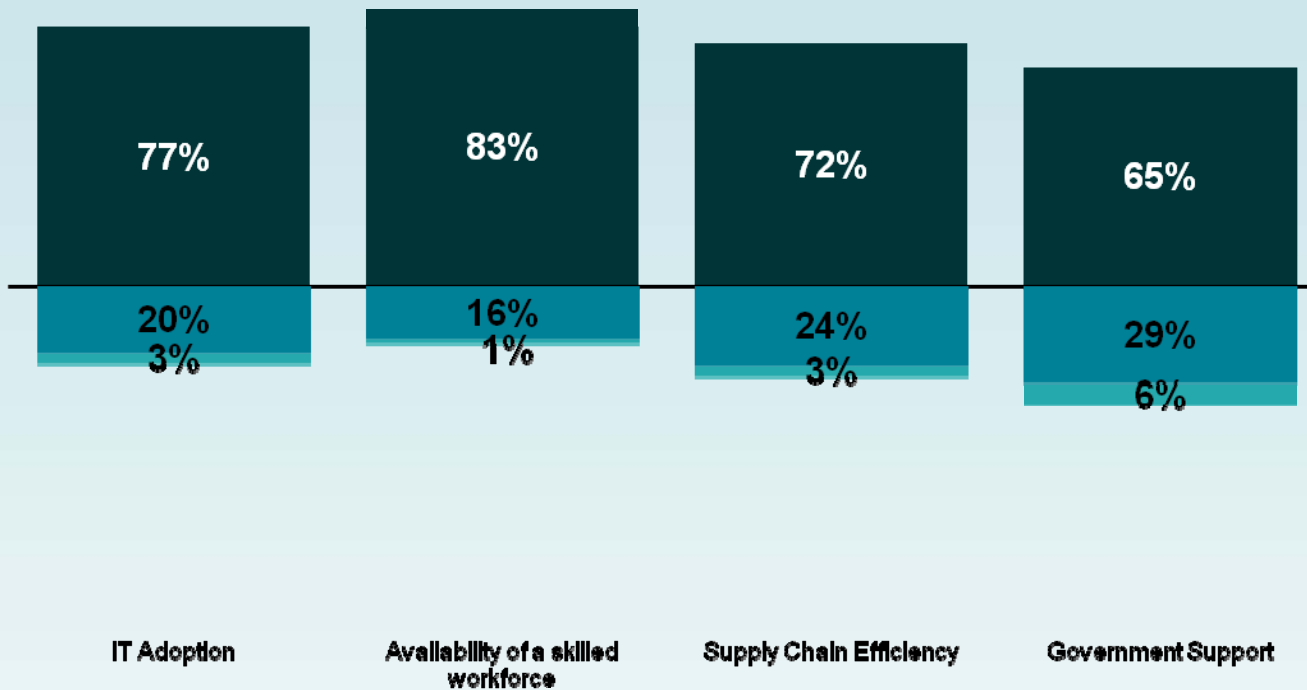
The increase in fuel and energy costs is the greatest concern among the remaining countries, especially in the Dominican Republic (75%).

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Importance of different drivers of competitiveness

How important are the following factors in contributing to SME competitiveness in your country?
Please rank using the following scale:

DK/DR NOT IMPORTANT AT ALL SOMEWHAT IMPORTANT VERY IMPORTANT

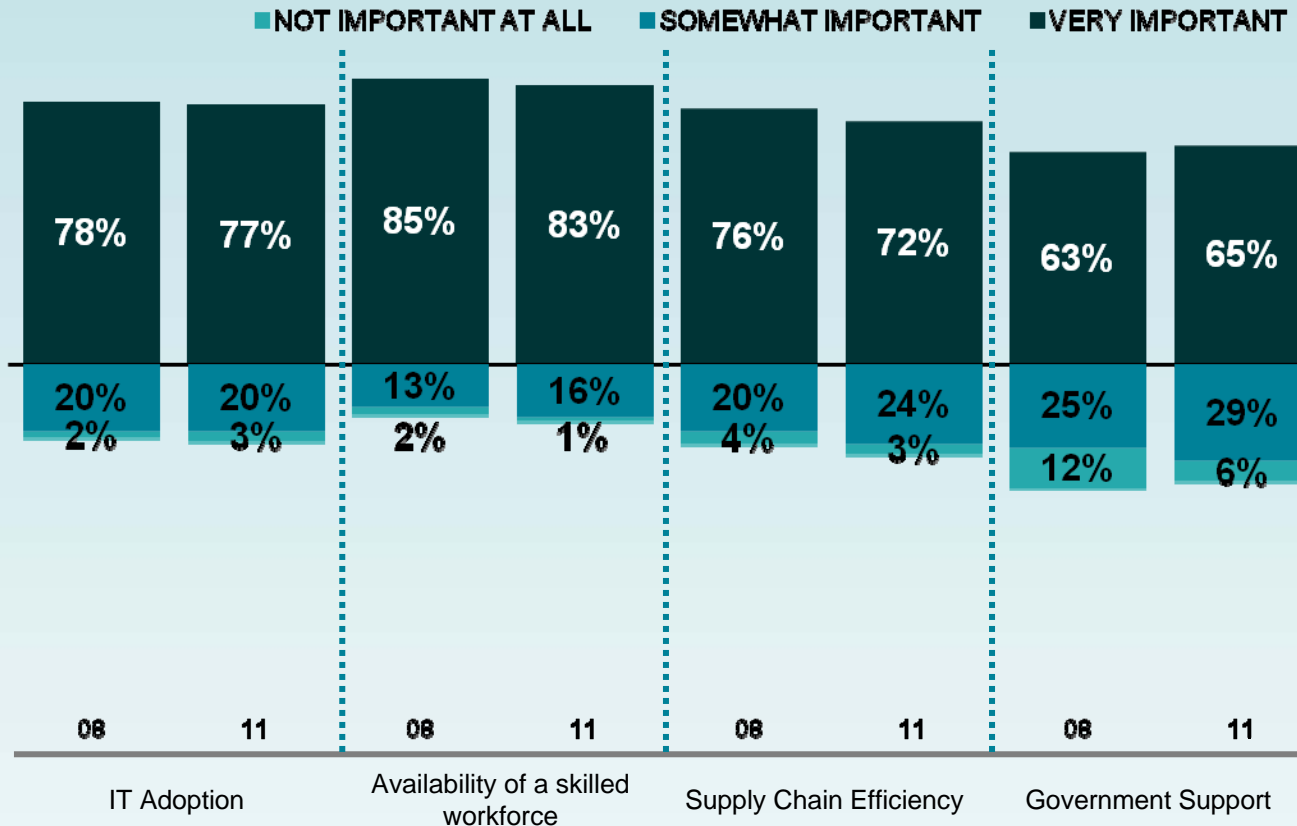


The main aspect needed to improve SME competitiveness is a skilled workforce and IT adoption. This is mentioned by 8 out of 10 executives respectively.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Importance of different drivers of competitiveness

How important are the following factors in contributing to SME competitiveness in your country?
Please rank using the following scale:



When compared to 2008, the importance of both IT adoption and the availability of a skilled workforce dropped slightly while the importance of government support increased (7 out of 10 interviewees consider it very important and 3 out of 10 somewhat important).

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Importance of different drivers of competitiveness

How important are the following factors in contributing to SME competitiveness in your country?
Please rank using the following scale: *VERY SOMEWHAT IMPORTANT*

	TOTAL REG.	ARG	BRA	CHI	COL	MEX	COS	DOM REP
IT Adoption	97%	95%	97%	98%	98%	98%	98%	100%
Availability of a skilled workforce	99%	98%	98%	99%	100%	97%	100%	99%
Supply Chain Efficiency	96%	98%	97%	95%	96%	95%	98%	96%
Government Support	94%	94%	96%	82%	90%	94%	86%	83%

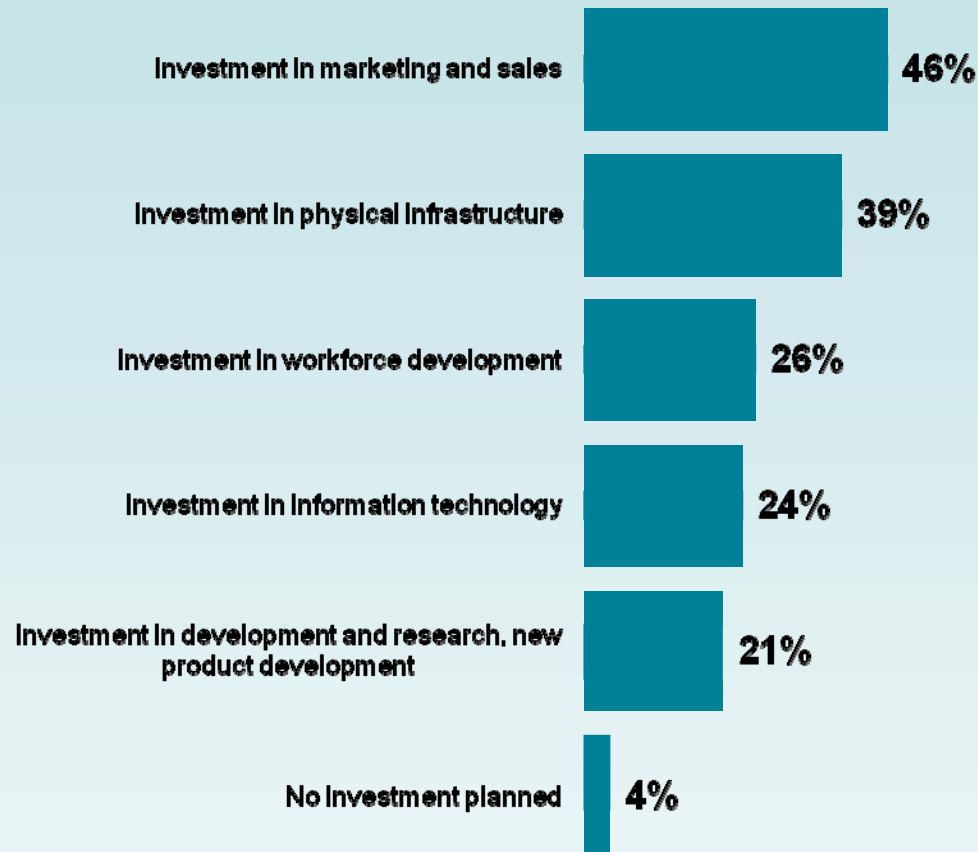
There is not a great difference detected among SMEs across the varying countries.

The adoption of IT and the availability of a skilled workforce stand out as the main concerns in each market.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Main investment priority

What is your main investment priority over the next 12 months?



Investment in marketing and sales and physical infrastructure are main priorities for 2012. SMEs not planning on investing represent a minority (4%).

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Main investment priority

What is your main investment priority over the next 12 months?

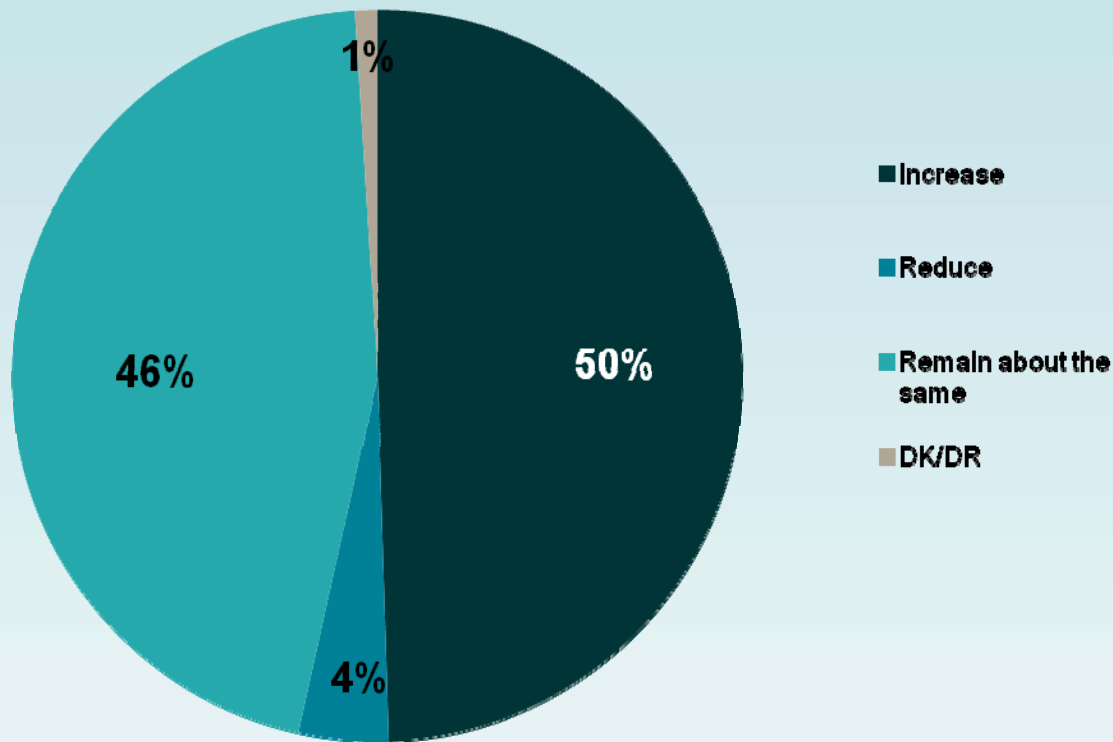
	TOTAL REG.	ARG	BRA	CHI	COL	MEX	COS	DOM REP
Investment in marketing and sales	46%	29%	49%	31%	45%	48%	43%	57%
Investment in physical infrastructure	39%	36%	45%	39%	35%	28%	24%	24%
Investment in workforce development	26%	24%	31%	18%	13%	23%	23%	23%
Investment in information technology	24%	20%	27%	17%	15%	24%	23%	22%
Investment in development and research, new product development	21%	22%	17%	24%	31%	28%	24%	17%
No investment planned	4%	11%	2%	5%	5%	5%	8%	3%

Investment in marketing and sales is a priority among SMEs in Dominican Republic, Brazil and Mexico, while in the rest of the countries the investment in infrastructure stands out. In Colombia, investment in Research and Development is more relevant to SMEs surveyed, while in Argentina and Costa Rica 1 out of 10 executives stated that they do not plan to make any investments.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Perspectives on workforce changes

Over the next 12 months, does your company plan to increase its workforce, reduce its workforce or will it remain about the same as it is now?

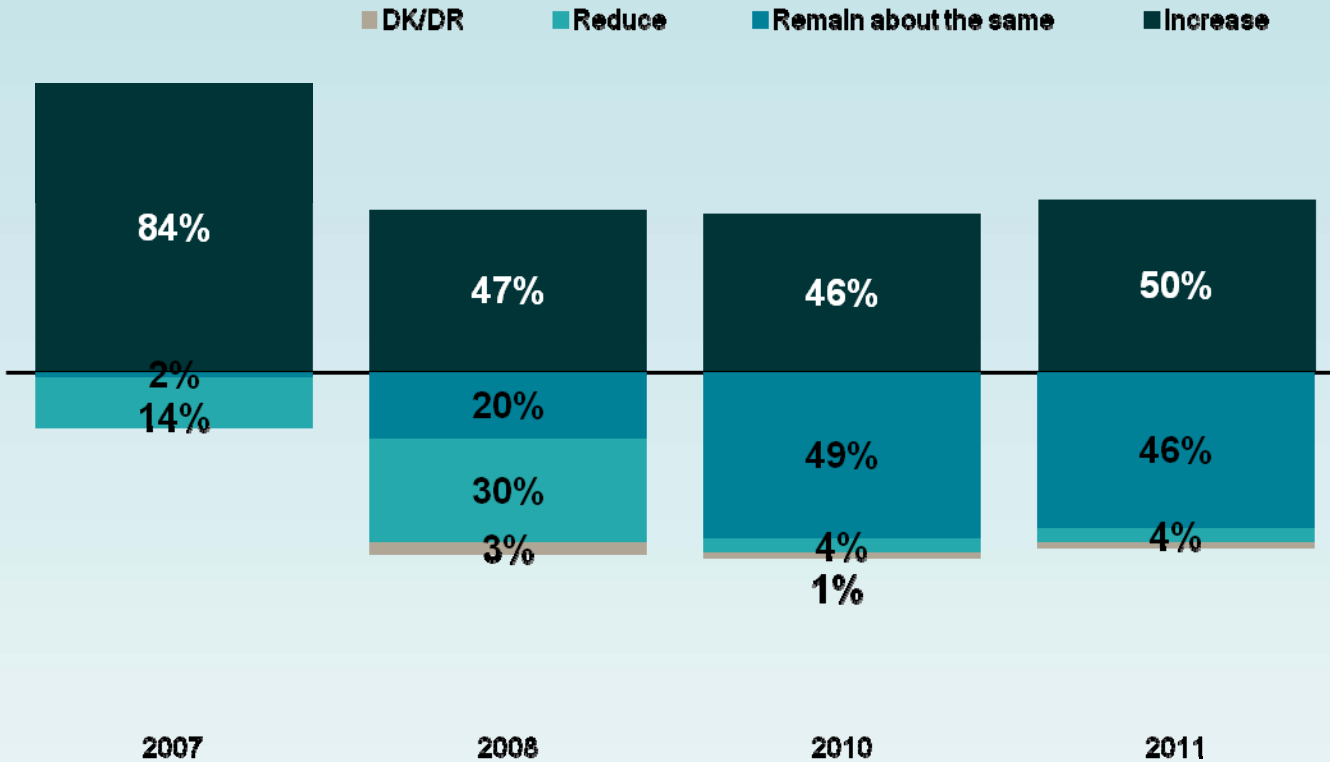


Half of the SMEs surveyed in the Region plan to increase their staff, while the other half will remain as they are.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Perspectives on workforce changes

Over the next 12 months, does your company plan to increase its workforce, reduce its workforce or will it remain about the same as it is now?

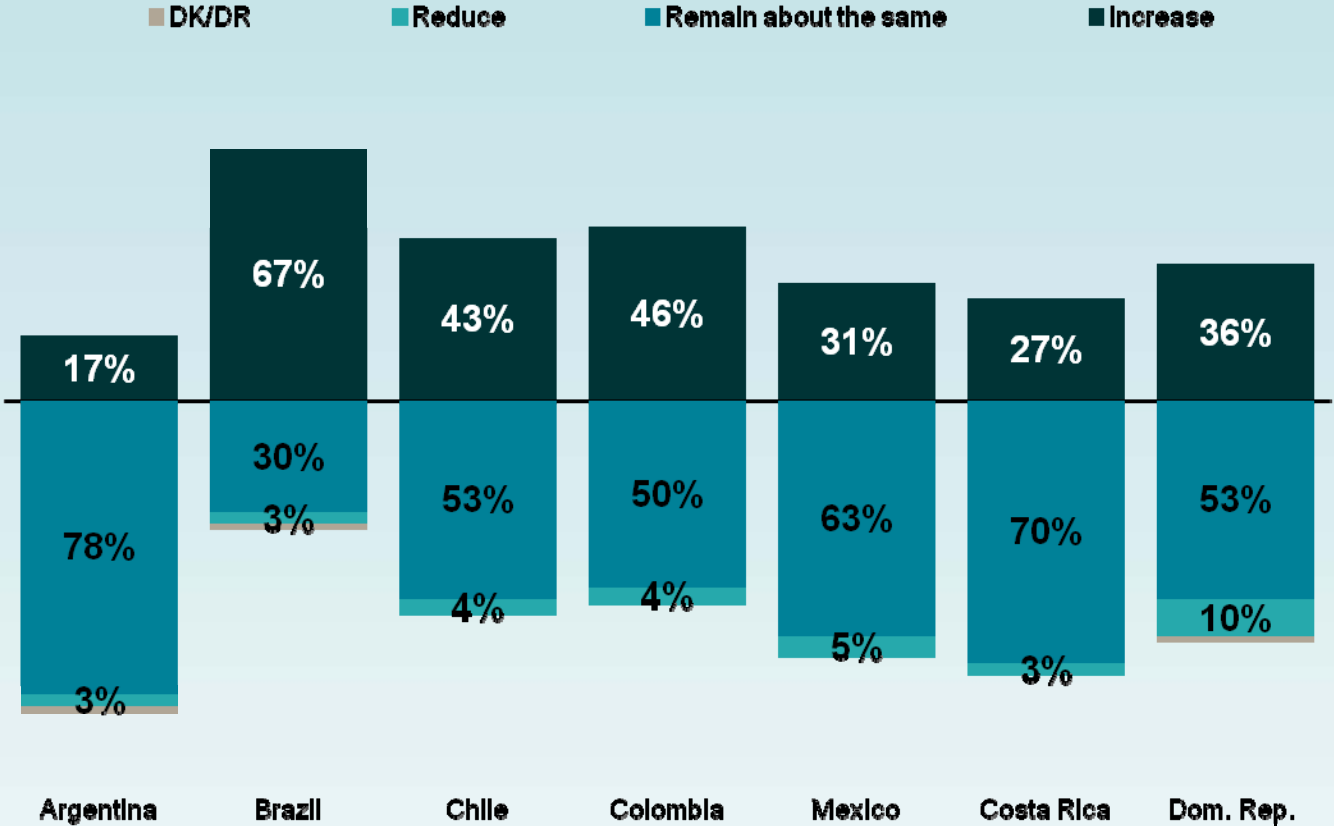


After the crisis, the prospect of changes in the workforce have remained stable.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Perspectives on workforce changes

Over the next 12 months, does your company plan to increase its workforce, reduce its workforce or will it remain about the same as it is now?

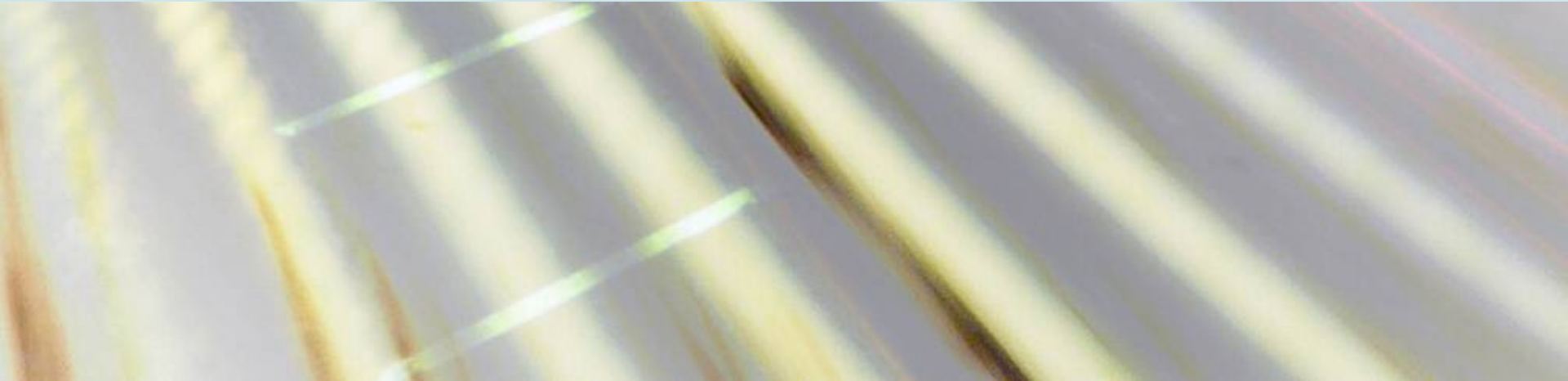


The Brazilian SMEs were the most optimistic with regards to the staff increases, while Argentina is where the greatest perspectives of stability are presented.

Overall, the proportion that stated they will reduce their staff is low, although it reaches 1 in 10 SMEs in the Dominican Republic.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

ECONOMIC ENVIRONMENT



Economic Environment

New global economic recession

The majority of the Latin American SMEs surveyed believe that we are entering into a new global economic recession.

The belief is greater among the smaller SMEs, and in Argentina, Mexico, Costa Rica and the Dominican Republic.

Economic and financial impact on business

There are mixed opinions between those who think that the economic and financial environment will damage their business in 2012 and those who believe they will not be affected. On the other hand, only 1 out of 10 expect to see benefits in their business

SMEs in Colombia are the most optimistic market regarding the perceived impact of the economic and financial environment on their businesses for 2012.

Influence of certain countries on the economic and political future of the region

Brazil is the country identified as being the most desirable in terms of gaining influence over the direction of the economic and political future of Latin America. Outside of the Region, Japan and the United States stand out, followed by the European Union. On the other hand, Venezuela, Bolivia and Cuba are the least valued countries.

Compared to the survey performed prior to the crisis, the desire for influence from Brazil, Mexico and the European Union has diminished and the positive assessments of the U.S. and China have increased.

Brazil's influence is the most desired by the interviewees. In Argentina, the influence of the U.S. is less desired than that of the rest of the countries.

Venezuela , Bolivia and Cuba, which are the countries whose influence is least desired, are better assessed among Dominicans.

Sectors that present the biggest growth opportunities in the region

The construction, technology and business services industries stand out, followed by leisure and tourism, transport/logistics, manufacturing and retail in second place.

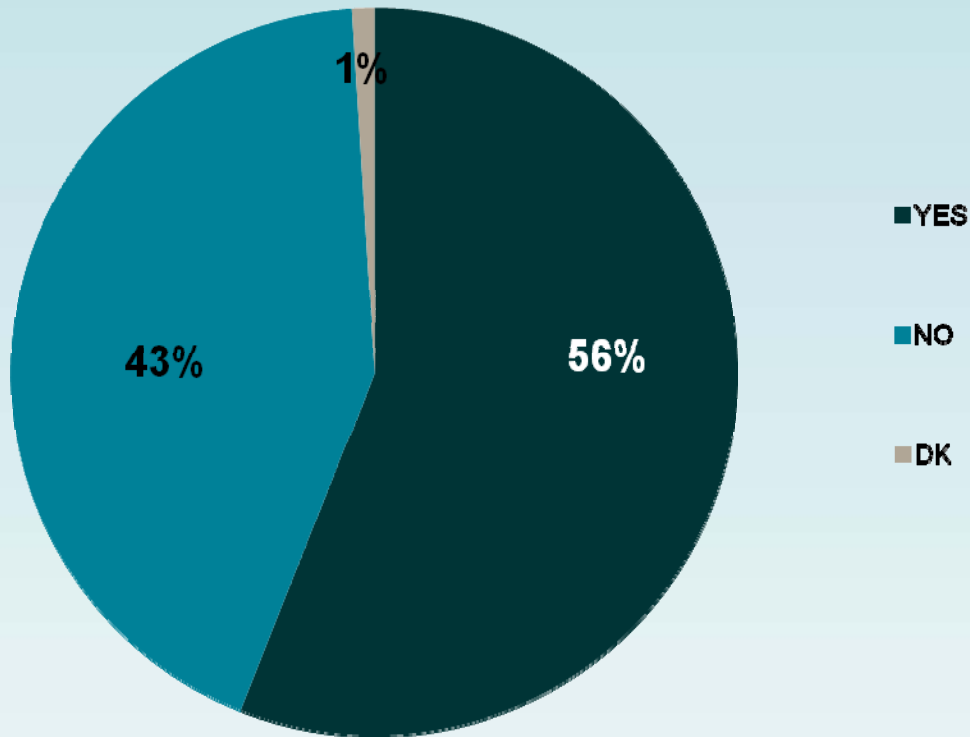
The opinion that technology is the sector that represents more growth opportunities diminishes strongly and the transport and logistics sector increases.

Sectors that present the biggest growth opportunities for your industry

When asked about their industry, the SMEs highlight technology and construction in first place followed by leisure and tourism and agriculture.

New global economic recession

Considering the recent news and revelations on the state of the global economy, do you believe that we are entering another recession?

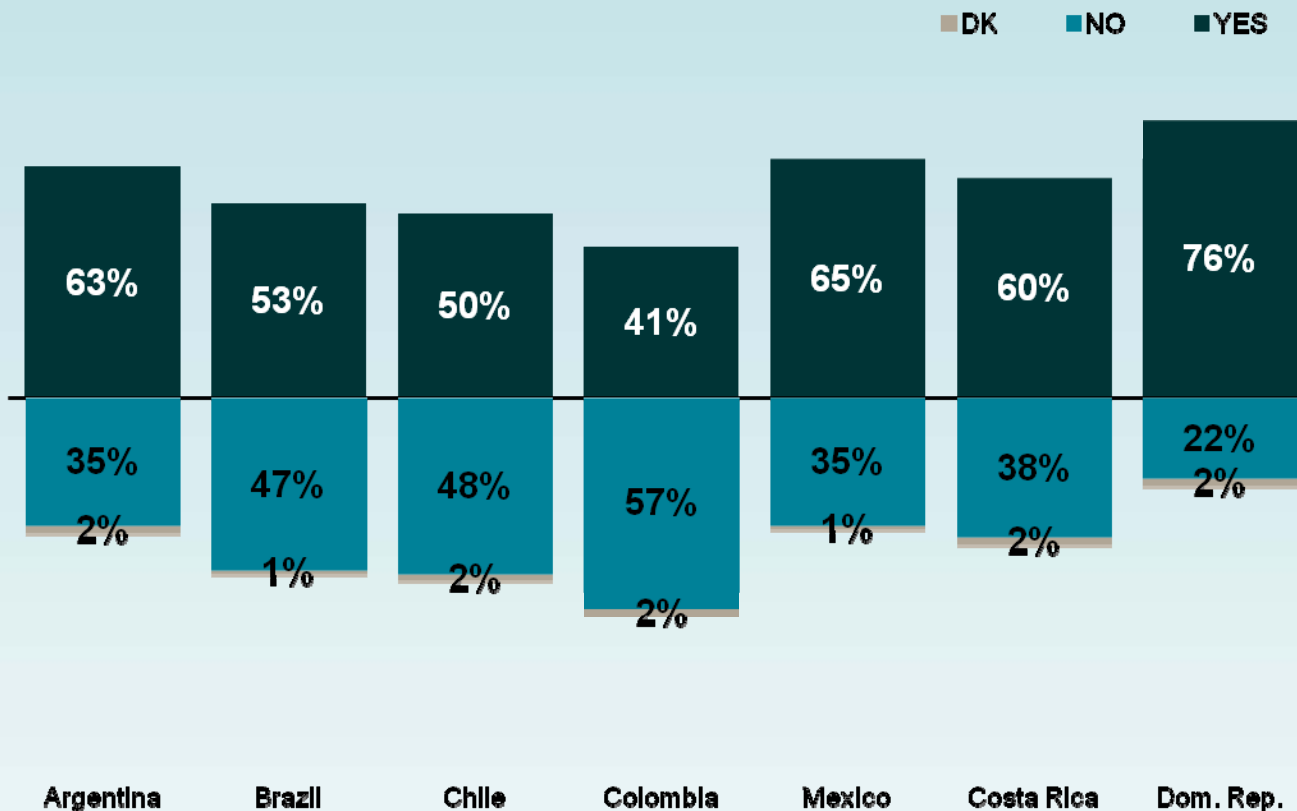


The majority of the Latin American SMEs surveyed believe that we are entering into a new global economic recession.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

New global economic recession

Considering the recent news and revelations on the state of the global economy, do you believe that we are entering another recession?

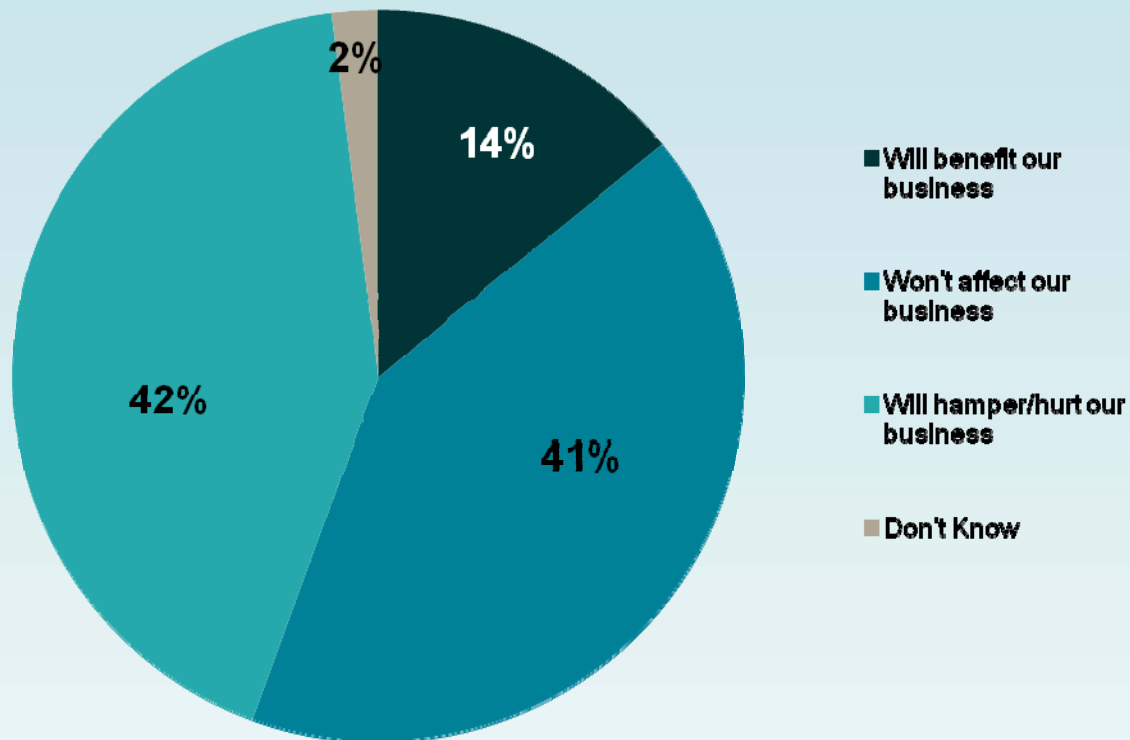


In Argentina, Mexico, Costa Rica and the Dominican Republic the majority of interviewees believe that a new global economic recession is beginning.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Economic and financial impact on business

To what extent do you think the financial and economic environment will affect your business in 2012?



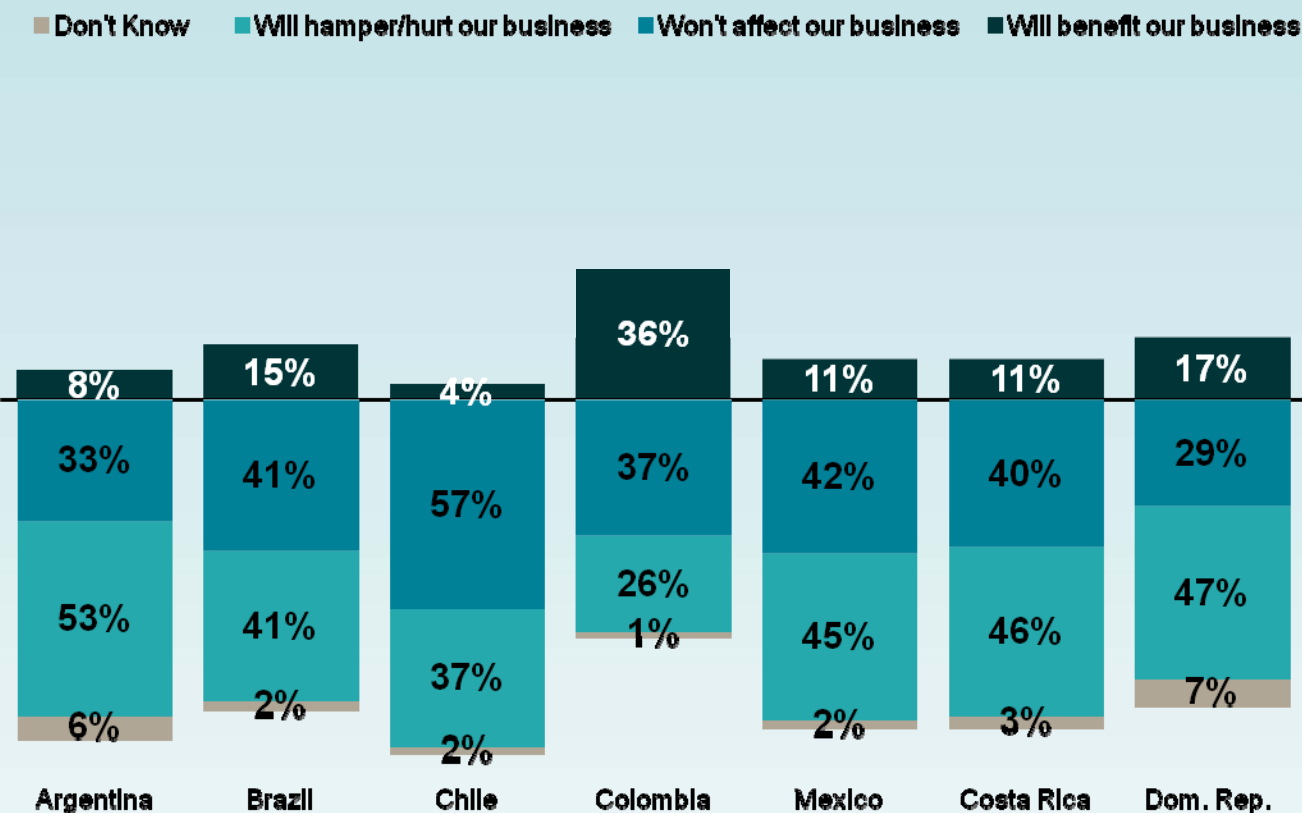
There are mixed opinions between those who believe that the economic and financial environment will damage their business in 2012 and those who consider they will not be affected.

On the other hand, only 1 out of 10 expect to see benefits in their business.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Economic and financial impact on business

To what extent do you think the financial and economic environment will affect your business in 2012?



SMEs in Colombia are the most optimistic market regarding the perceived impact of the economic and financial environment on their businesses for 2012, with nearly 4 out of every 10 executives surveyed believing that their business will benefit from it.

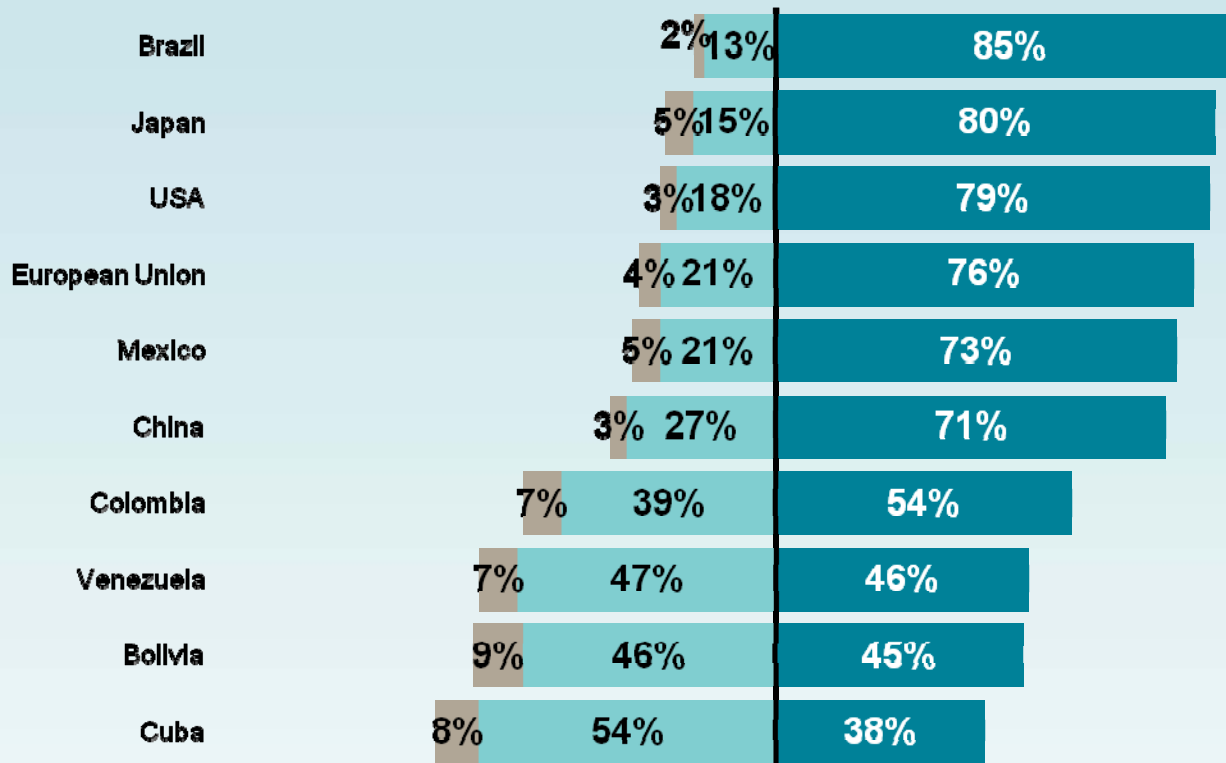
Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Opinion regarding the influence of certain countries on the economic and political future of the region

TOTAL ANSWERS

Please tell me if it is very desirable, somewhat desirable, somewhat undesirable, or very undesirable if the following countries or groups of countries gain more influence over the economic and political future of Latin America?

■ DESIREABLE ■ UNDESIREABLE ■ DK/DR



Brazil is the country identified as being the most desirable in terms of gaining influence over the direction of the economic and political future of Latin America.

Outside of the Region, Japan and the United States stand out, followed by the European Union.

On the other hand, Venezuela, Bolivia and Cuba are the least valued countries.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Opinion regarding the influence of certain countries on the economic and political future of the region

BY COUNTRY

Please tell me if it is very desirable, somewhat desirable, somewhat undesirable, or very undesirable if the following countries or groups of countries gain more influence over the economic and political future of Latin America?

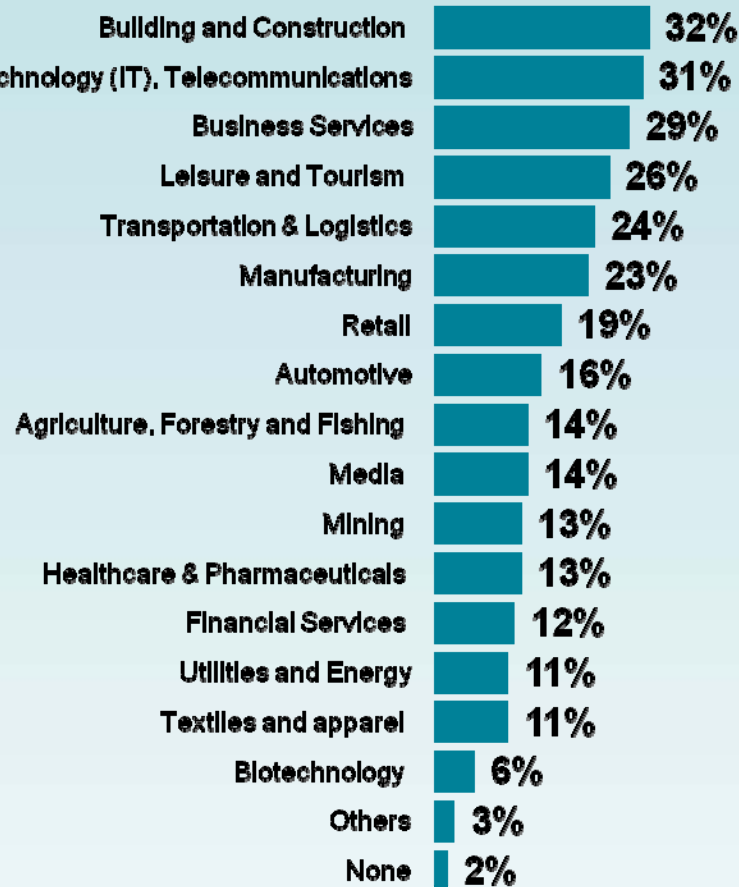
	TOTAL REG.	ARG	BRA	CHI	COL	MEX	COS	DOM REP.
Brazil	85%	84%	89%	77%	64%	85%	81%	83%
Japan	80%	73%	84%	70%	60%	83%	77%	81%
USA	79%	61%	84%	74%	65%	80%	79%	81%
European Union	76%	71%	74%	75%	64%	83%	74%	83%
Mexico	73%	77%	67%	69%	63%	89%	71%	66%
China	71%	75%	80%	70%	48%	57%	69%	70%
Colombia	54%	50%	48%	55%	65%	65%	71%	68%
Venezuela	46%	31%	45%	30%	47%	55%	47%	60%
Bolivia	45%	42%	42%	45%	43%	53%	42%	54%
Cuba	38%	33%	35%	32%	34%	46%	42%	53%

In Argentina, the influence of the US is less desired than in the rest of the countries. Venezuela, Bolivia and Cuba, which are the countries whose influence is least desired, are better rated among Dominicans.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Sectors that present the biggest growth opportunities in the region

Which three industry sectors present the biggest growth opportunities for SMEs in Latin America?

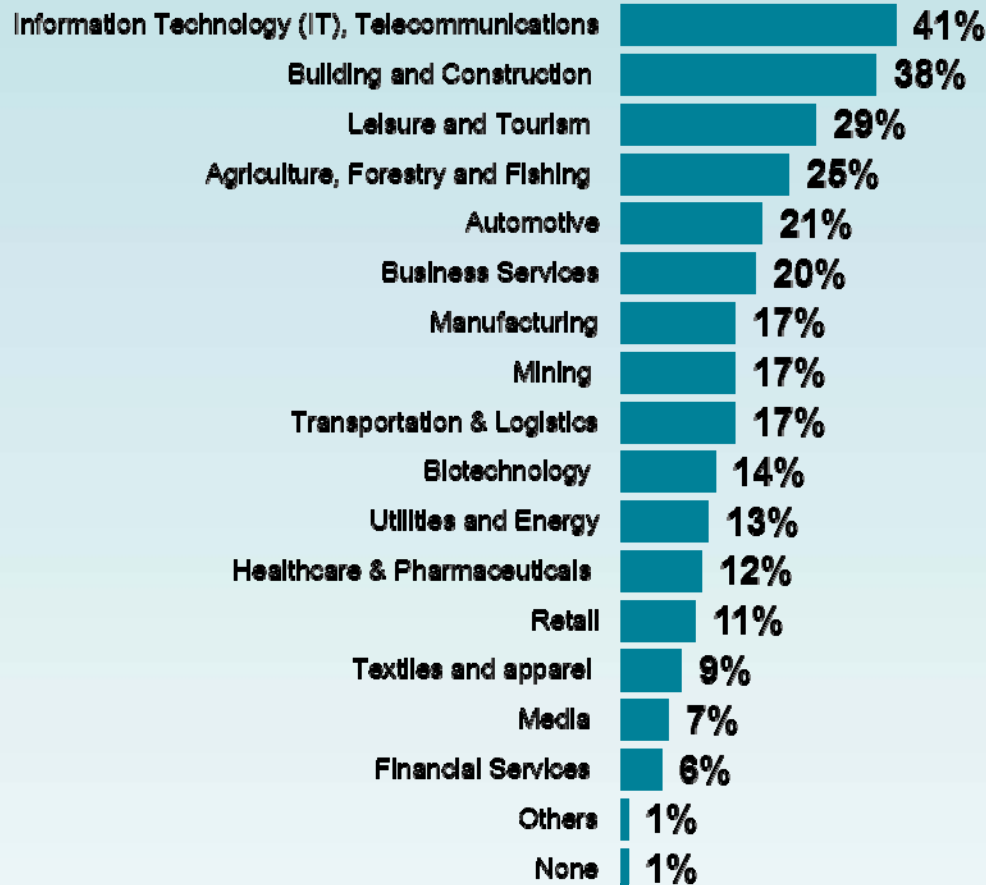


Sectors that present the biggest opportunities for growth can be grouped into two sectors: construction, information technology industries and the business services industries in the first group with 3 out of every 10 mentions, followed by leisure and tourism, transportation / logistics, manufacturing and retail in second place, with 2 out of every 10 mentions.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Sectors that present the biggest growth opportunities for your industry

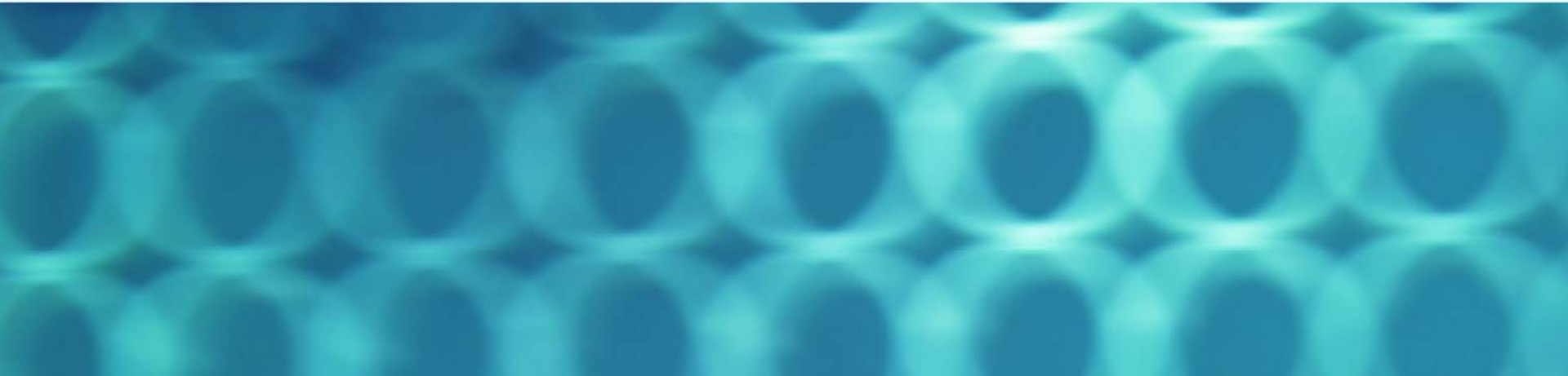
Which three industry sectors present the biggest growth opportunities for your industry?



SMEs highlight technology and construction as the top sectors with 4 out of 10 mentions, followed by leisure and tourism and agriculture with 3 out of 10 mentions.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

GLOBAL TRADE PROSPECTS



Global Trade Prospects

SME relation to global trade

Six of every 10 SMEs interviewed is currently engaged in international trade or has plans to do so.

The Colombian and Dominican Republic SMEs are the most active regarding international trade, followed by those in Chile, Costa Rica and Mexico.

Assessment of economic growth prospects by country

The regions with the most optimistic forecast for the future are, in first place, their own country, and then Latin American and Asia Pacific. The Latin American SMEs interviewed consider that Africa and Europe are the regions projected to have the lowest growth.

Latin America is the region expected to grow the most over the next 12 months according to the SMEs surveyed in the region.

The Colombian SMEs are the most optimistic with regards to the economic growth of their country for the coming year. Also, Latin America is stated to be the region with the best growth prospects in all of the countries listed.

Global trade prospects

Latin America is also the region where the trade volume of the Latin American SMEs is foreseen to grow, followed by North America and Asia Pacific. On the contrary, a drop in the trade volume with Europe, Africa and the Middle East is foreseen.

Latin America is mentioned by all of the companies surveyed as the region with which they will develop the greatest amount of trade and it's

also the region with which nearly all of the countries surveyed plan to increase their trade volume. Colombia and the Dominican Republic also highlighted North America.

Benefits of global trade

The vast majority of the executives surveyed consider global trade to have been beneficial for their business. Only 1 in 10 believe the contrary.

Global trade is more perceived as beneficial by the larger companies, with the Brazil and Chile SMEs best assessing the benefits of global trade for their business.

Export growth prospects

Despite the optimistic forecast for the Region, the prospects on export growth are not as positive. A small proportion (5%) believe it will grow.

Global Trade Prospects (cont.)

There are mixed opinions between those SMEs who think their company's exports will maintain the current level in the next year and those who think it will drop. Only a small proportion (5%) believe it will grow.

In Argentina, Brazil, Colombia and Mexico the idea of stable exports for the coming year predominates, while in Chile and the Dominican Republic a drop is expected.

Main barriers to global business expansion

The main barrier for the global expansion of the Latin American SMEs surveyed are said to be export/import taxes. Taxes appear as a barrier in all of the countries, especially in the Dominican Republic.

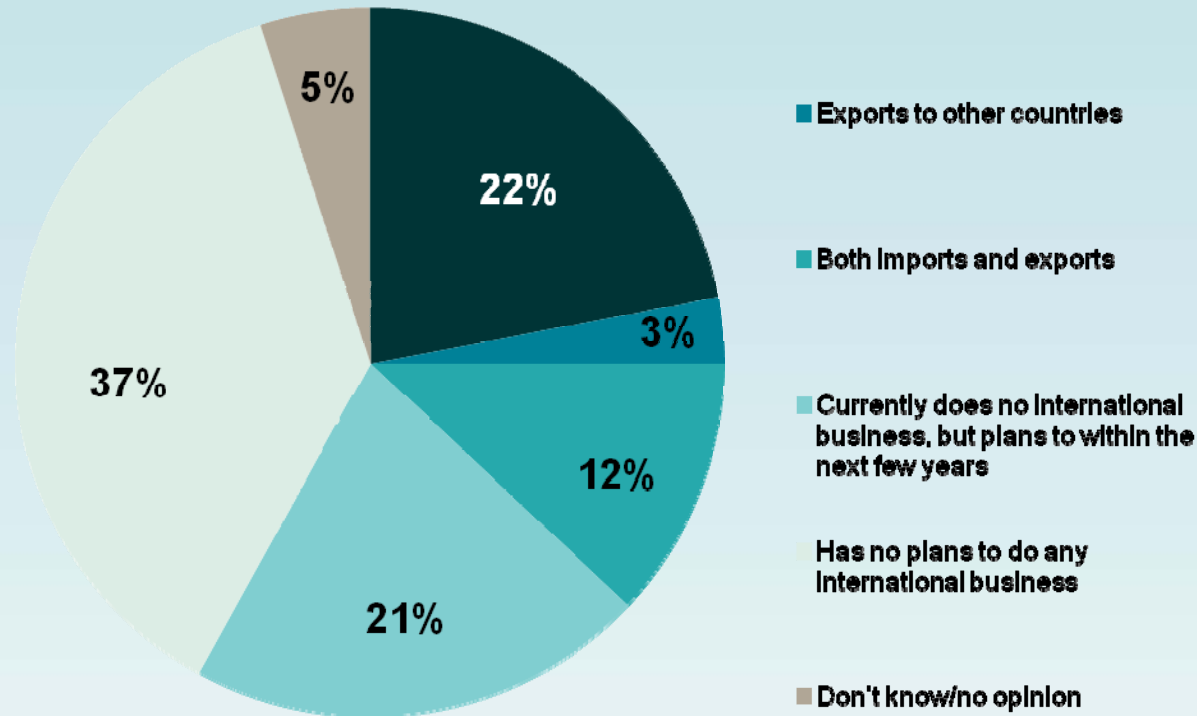
Issues impacting international business

All of the SMEs have been affected by different issues of international trade. Nine in 10 businessmen point out the trust in foreign suppliers, followed by the increase in delays at borders.

Chile, Mexico and Dominican Republic are the countries that are most affected by international trade issues.

SME relation to global trade

Which of the following best describes your company?

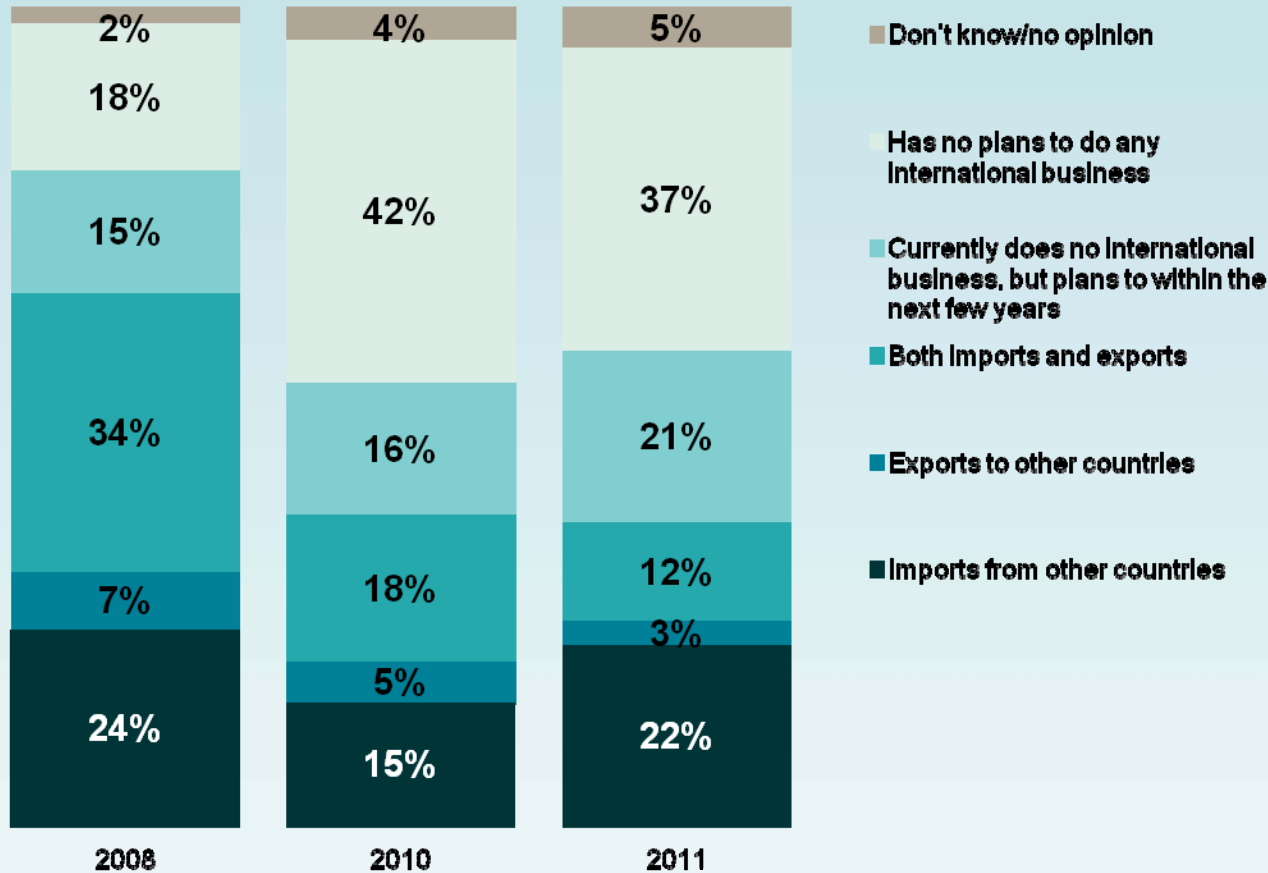


Six out of every 10 SMEs interviewed is currently engaged in international trade or plans to do so.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

SME relation to global trade

Which of the following best describes your company?

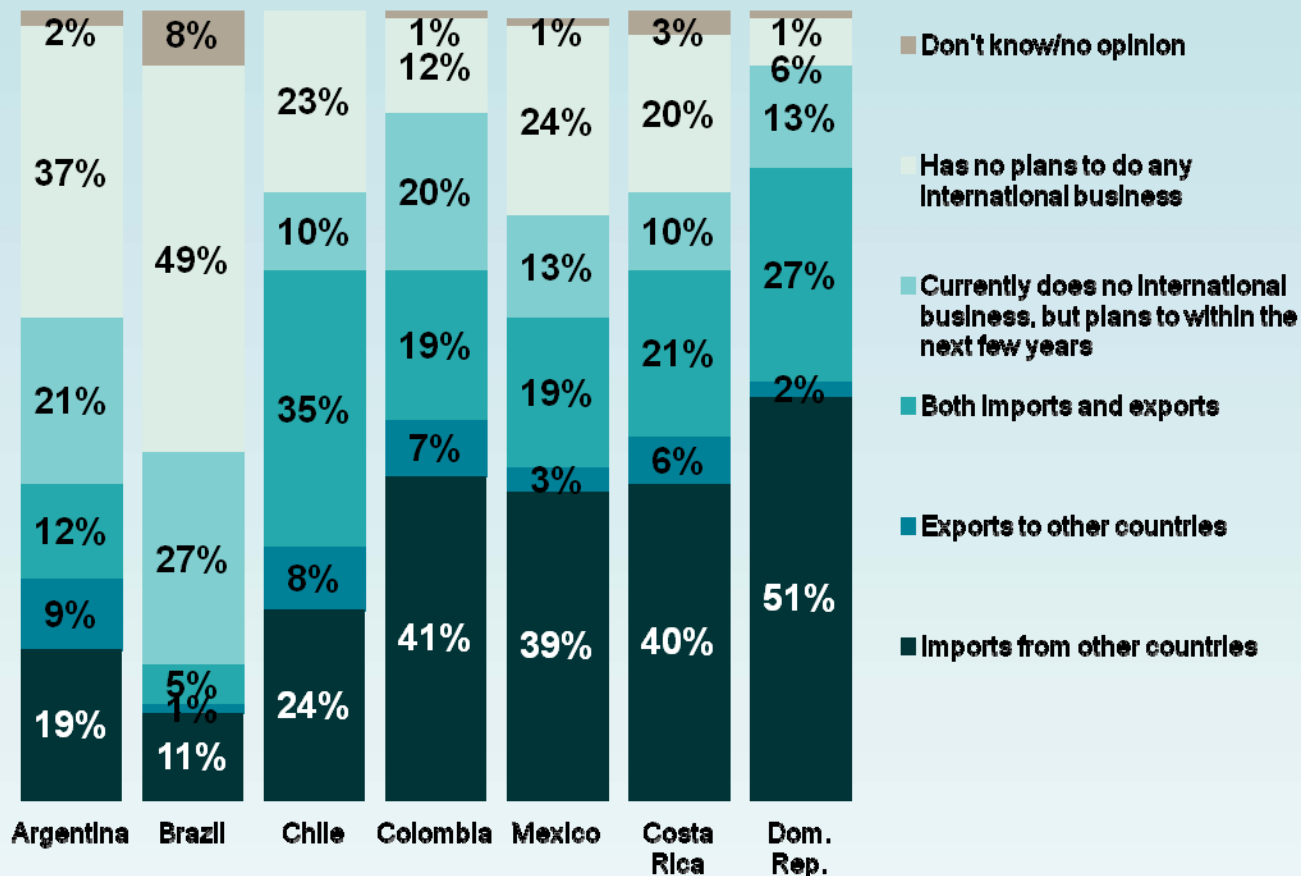


While trade involvement figures have not returned to the same levels before the global economic crisis, SMEs engaged in importing from other countries has risen since 2010.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

SME relation to global trade

Which of the following best describes your company?



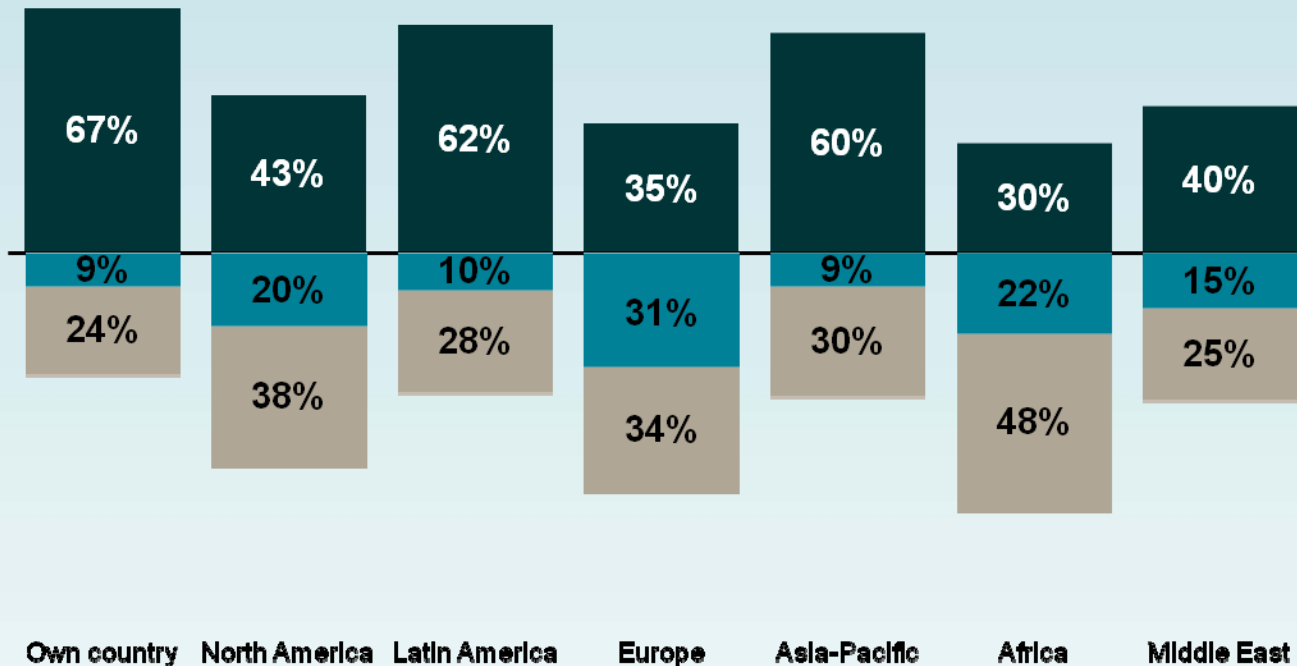
Colombian and Dominican companies are the most active regarding international trade, followed by the SMEs in Chile, Costa Rica and Mexico.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Assessment of economic growth prospects by country

How do you rate the prospects in the next 12 months for economic growth in your country and in each of the following regions: will grow strongly, grow slightly, stay the same, decline slightly, decline strongly?

■ Don't know / No opinion ■ Stay the same + Decline slightly + strongly ■ Grow strongly + slightly



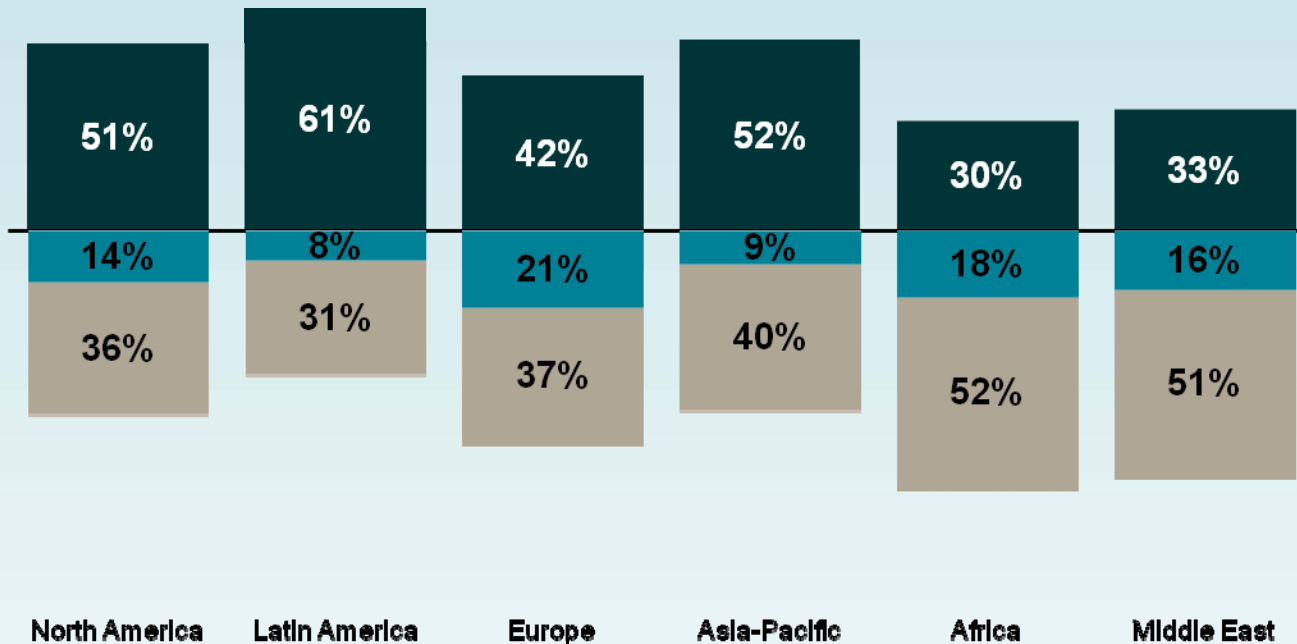
The regions with the most optimistic forecast for the future are, in first place their own country, and then Latin America and Asia Pacific. The SMEs surveyed consider that Africa and Europe are the regions projected to have the lowest growth.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Global trade prospects

How do you rate the prospects in the next 12 months for volume of trade growth between your country and the following region: will it grow strongly, grow slightly, stay the same, decline slightly or decline strongly?

■ Don't know / No opinion ■ Stay the same + Decline slightly + strongly ■ Grow strongly + slightly

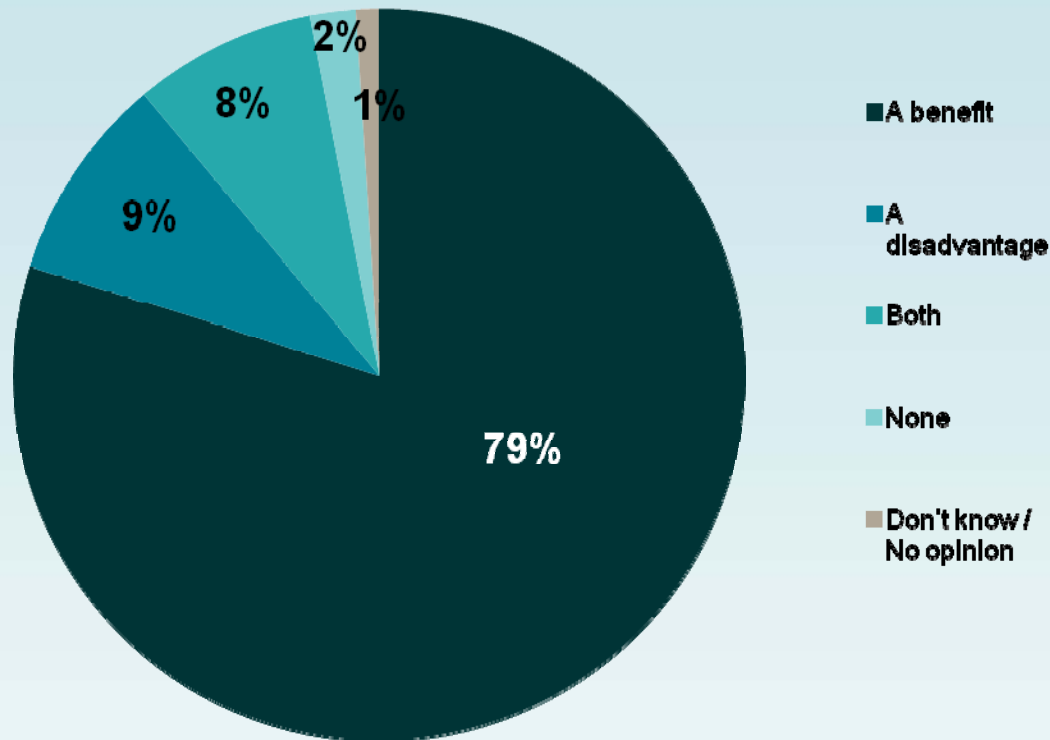


Latin America is the highest rated region where the trade volume of each country is expected to grow, followed by North America and Asia Pacific.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Global Trade: Advantage or disadvantage for your business?

Has global trade been a benefit or a disadvantage to your business?

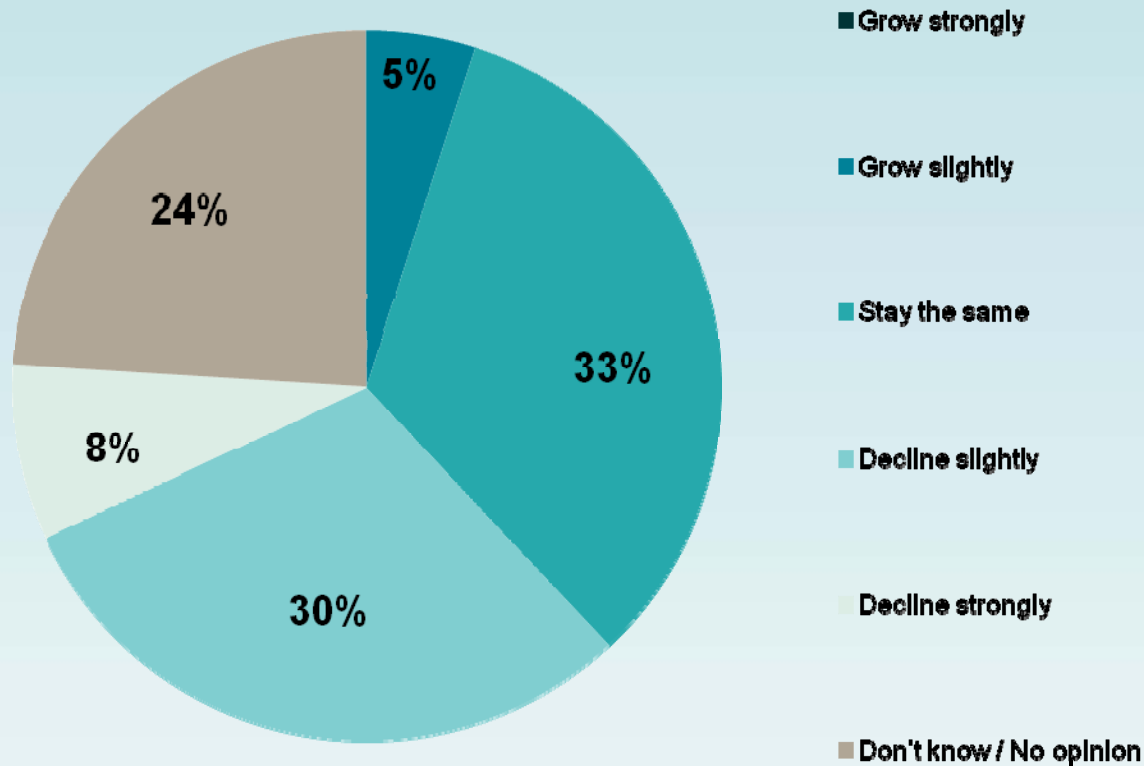


The vast majority of SMEs surveyed (8 in 10) consider global trade to have been beneficial for their business. Only 1 in 10 believe the contrary.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Export growth prospects

Do you think your company's exports over the next 12 months will...?



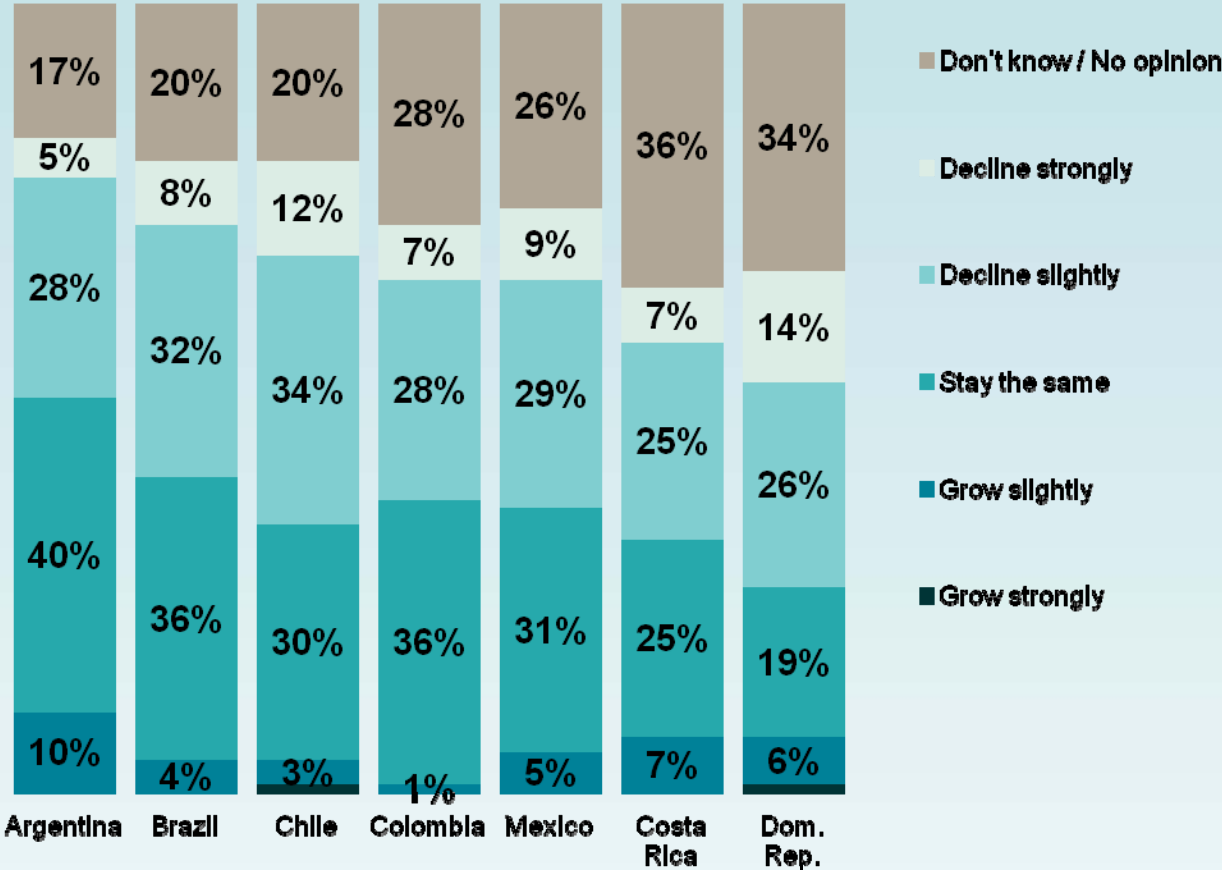
The prospects for export growth are not very optimistic. There are mixed opinions between those SMEs who believe that their company's exports will maintain the current level over the next year and those who think it will drop.

Only a small portion of respondents (5%) believe it will grow.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Export growth prospects

Do you think your company's exports over the next 12 months will...?



SMEs in Argentina, Costa Rica and Mexico confirmed the expectation to slightly grow their company's exports over the next 12 months.

Respondents in Chile and the Dominican Republic on the other hand, anticipate a stronger decline in exports than SMEs in all other markets.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Main barriers to global business expansion

Which of the following issues represents the largest barrier to expanding your business globally?

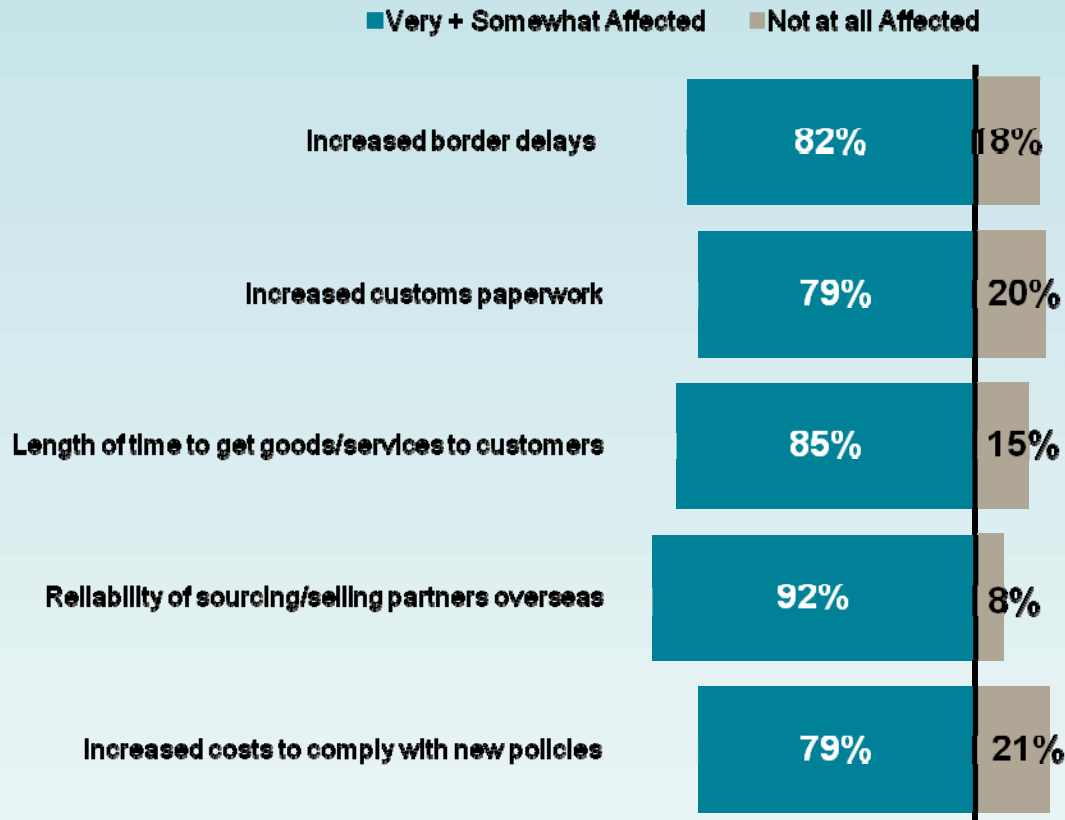


The largest barrier for global expansion reported by SMEs surveyed was reportedly export/import taxes.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Issues impacting international business

When thinking about international trade issues, to what extent, if at all, have any of the following issues affected your business in the past five years?



The reliability of overseas partners was rated as the issue impacting most of the SMEs surveyed, with 9 in 10 confirming this point as touching their business.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

COMPETITIVENESS & NEW TECHNOLOGIES



Competitiveness & New Technologies

Government regulations for businesses

Half of the regions SMEs surveyed state that the government regulations are favorable for their business, while the other half believes the contrary. The larger SMEs and those that engage in international trade are those who suffer from the impacts of government regulations the least.

Government focus on helping competitiveness

For the businessmen surveyed, the government should focus on education and training, followed by access to capital to help the competitiveness of the SMEs in the region.

With respect to the 2008 survey, the claim for taxes and tariffs have reduced and the mentions regarding education, access to financing and more flexible labor laws have increased.

The smaller SMEs and those that do not engage in international trade highlight the access to financing; the remainder concentrates on education and training. The access to capital, financing and loans are a key issue for SMEs in Argentina, Colombia, Mexico and Costa Rica.

Technology issues impacting work flow

The most frustrating technological issue for the Latin American businessmen interviewed is the slow bandwidth followed by other internet related problems (emails, virus, spam).

Internet problems are manifested in all of the countries, it being because of slow bandwidth or service cuts.

Improvement in competitiveness through new technologies

The incorporation of new technologies has allowed for the improvement of customer service, increasing the competitiveness of SMEs surveyed in the region.

The improvement in customer service is manifested in all of the segments of companies and in all of the countries. Among the larger SMEs and those who engage in international trade, an improvement in productivity is also mentioned.

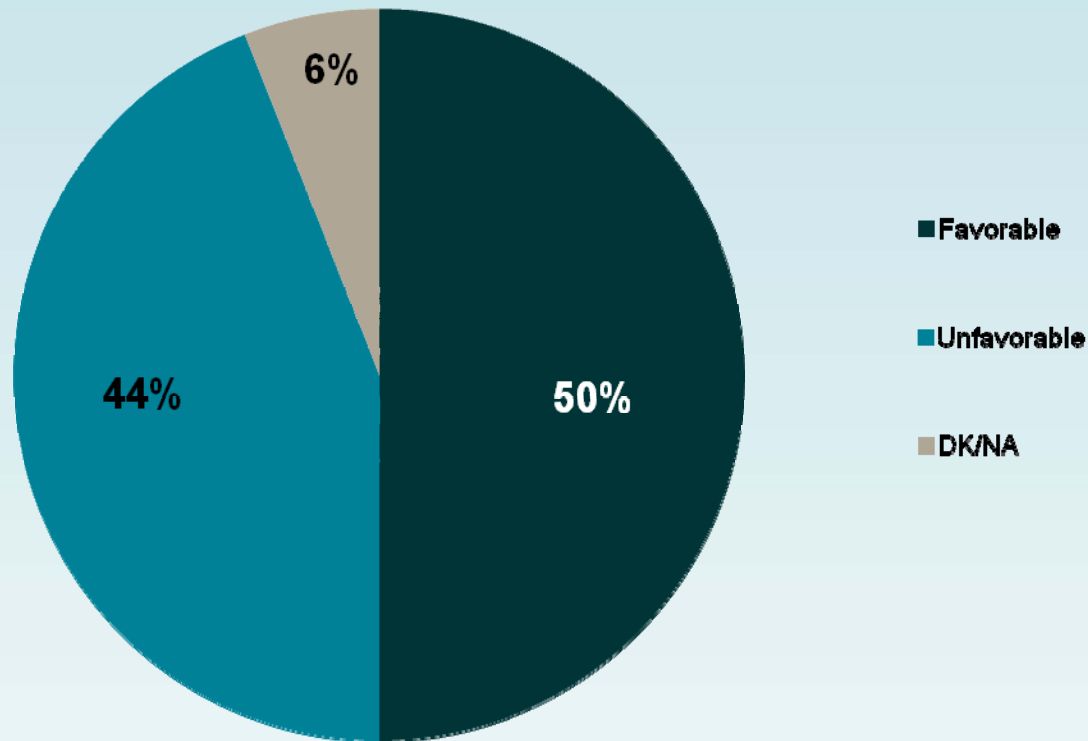
Use of social networks by SMEs

Seven in 10 SMEs use social networks mainly for communicating with clients and suppliers, but also for promotional means and to create new contacts.

Brazil is the county in which social networks are least used for business.

Government regulations for businesses

Do you believe government regulations in your country are favorable or unfavorable to your business?

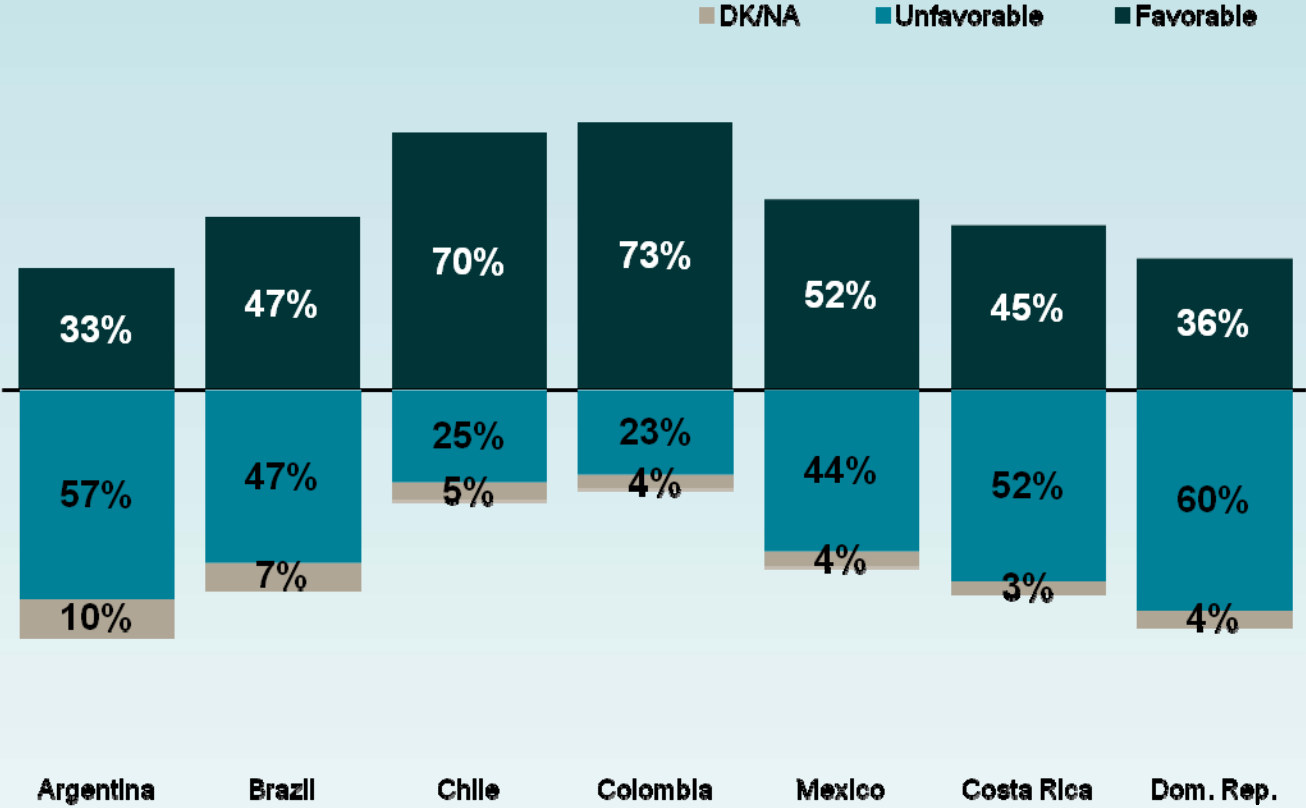


Half of the SMEs surveyed state that government regulations are favorable for their business, while less than half believe the contrary.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Government regulations for businesses

Do you believe government regulations in your country are favorable or unfavorable to your business?

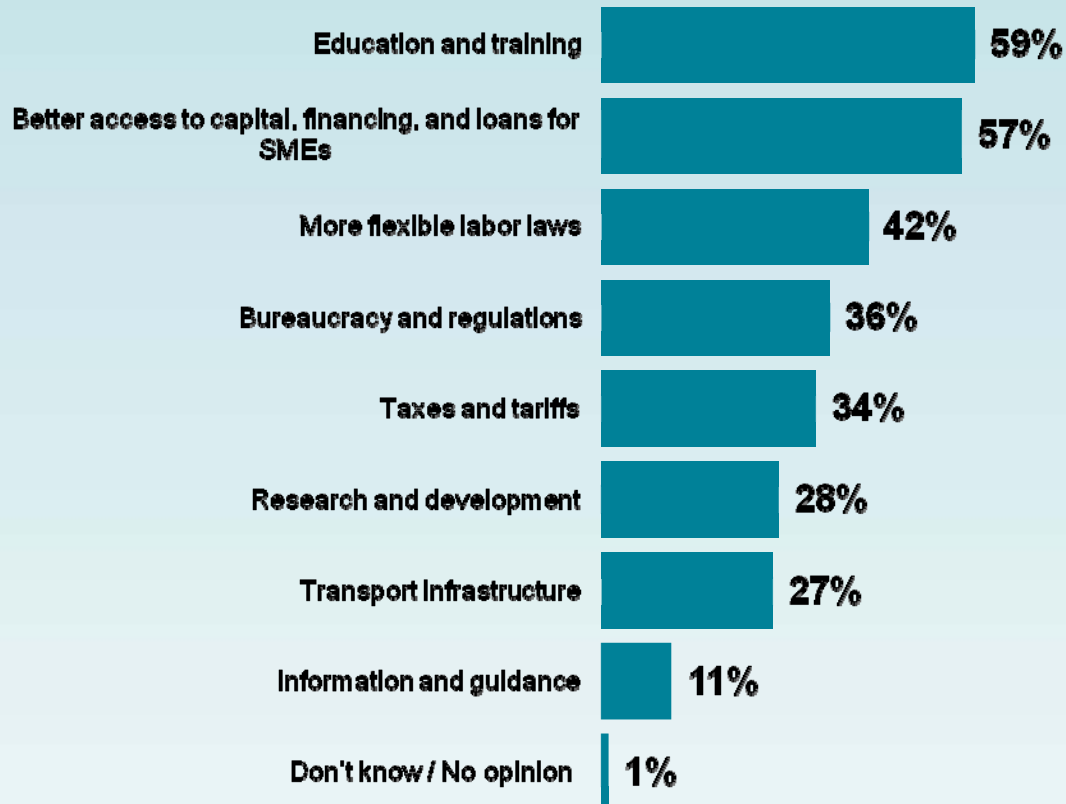


Nearly half of all SMEs surveyed in each country consider government regulations to be favorable for the business, with the exception of SMEs in Argentina, Costa Rica and Dominican Republic.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Government focus on promoting competitiveness

What are THREE things the government should focus on to help small and medium businesses to become more competitive?

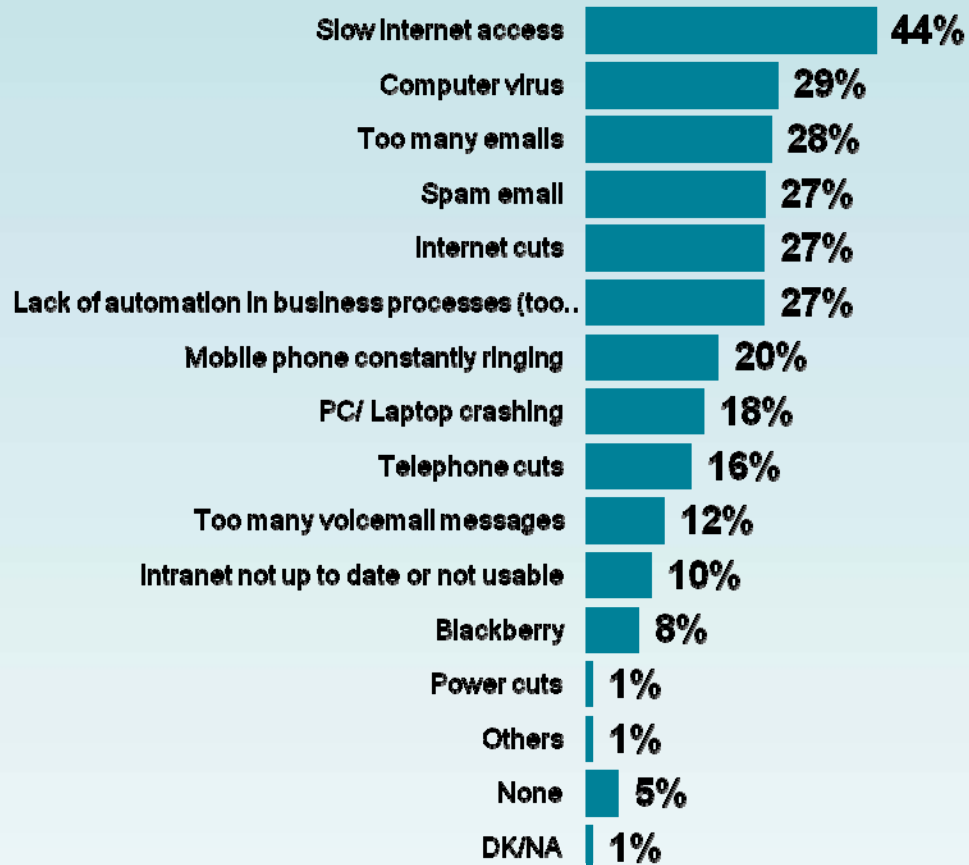


SMEs surveyed highlight *education and training* as the most crucial area for governments to increase competitiveness, followed by *access to capital and financing*.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Technology issues impacting work flow

What technology issues do you find most frustrating at work?



The most frustrating technological issue for Latin American SMEs is slow internet access, mentioned by 4 in 10, followed by other internet related problems including viruses, the high volume of emails and spam.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Improvement in competitiveness through new technologies

How has the incorporation of new technology improved your competitiveness? It has...

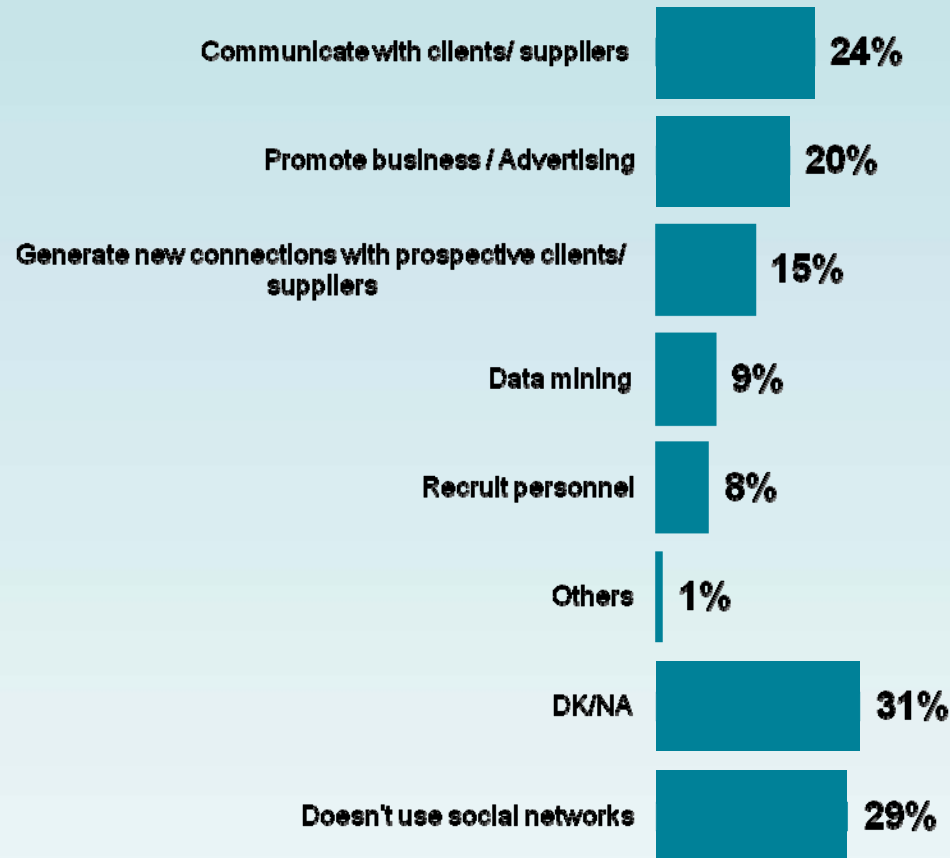


More than half of SMEs surveyed confirmed that the incorporation of new technologies has allowed for improvements in improve customer service, thus increasing their competitiveness.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Use of social networks by SMEs

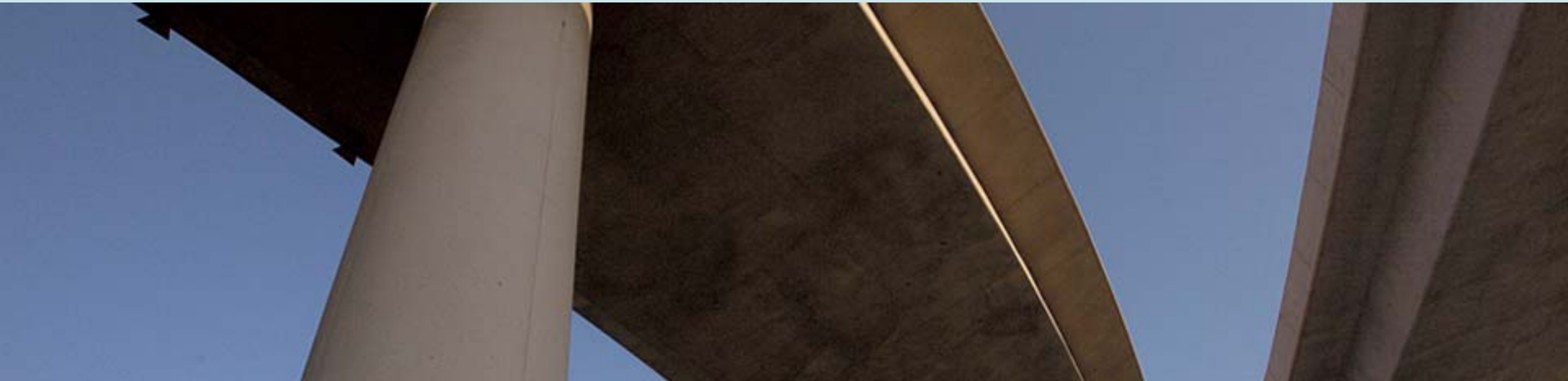
Does your company use social networks such as Facebook, YouTube, Twitter, LinkedIn to...?



Seven in 10 SMEs surveyed use social networks mainly for communicating with clients and suppliers, but also for promotional means and networking.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

CORPORATE SOCIAL RESPONSIBILITY & INSTITUTIONS



Corporate Social Responsibility & Institutions

CSR programs

The explicit policies over environmental protection are the most practiced activities by the companies surveyed. The second highest rated activity among SMEs are donations for NGOs, followed by community support programs and corporate volunteer activities.

During 2011 the environmental protection policies have grown.

The environmental protection policies, NGO support, and community support programs are more and more practiced as the size of the company increases. On the other hand, the corporate volunteer actions do not vary according to size. The companies that do not engage in international trade conduct less CSR actions.

Costa Rica, Colombia and Mexico stand out in environmental protection policies. Supporting NGOs is more significant in Argentina while the

community support programs are relevant in Costa Rica and the Dominican Republic. Brazil stands out in corporate voluntary work.

CSR programs to be developed

Education and training is the area of Corporate Social Responsibility (CSR) that the SMEs surveyed would most like to develop. The exception is Costa Rica where the companies prefer environmental protection actions.

Environmental protection was rated the second highest activity that the SMEs surveyed would engage.

Confidence in institutions

Political parties, Parliament and Unions are the institutions that inspire the least amount of confidence.

On the other hand, SMEs, large global and domestic companies, and the armed forces are the institutions that inspire the greatest amount of confidence.

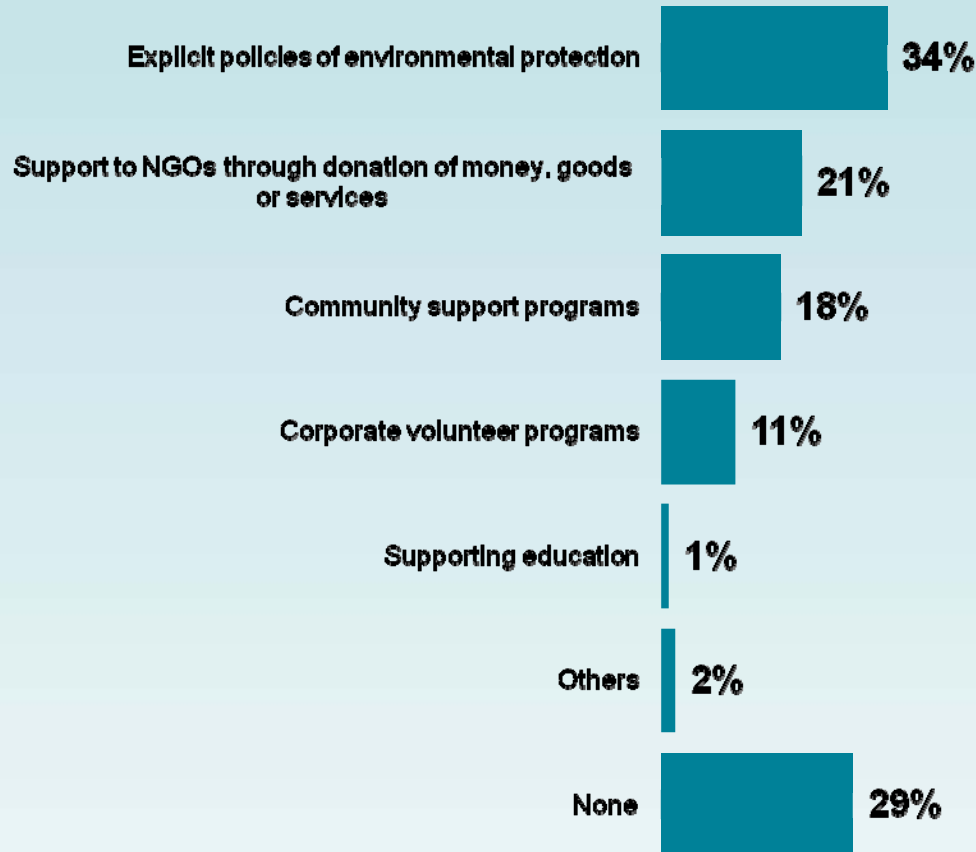
The trend shows that the confidence in companies has grown, both in large enterprises and SMEs. In turn, the credibility of banks has diminished slightly.

The low level of credibility in the representative institutions (Political parties, Parliament and Unions) is evident throughout all levels of companies. Argentina and the Dominican Republic are the countries with the least confidence in their institutions.

In turn, Brazil boasts the highest levels of perceived credibility.

CSR programs

What corporate social responsibility activities does your company practice?

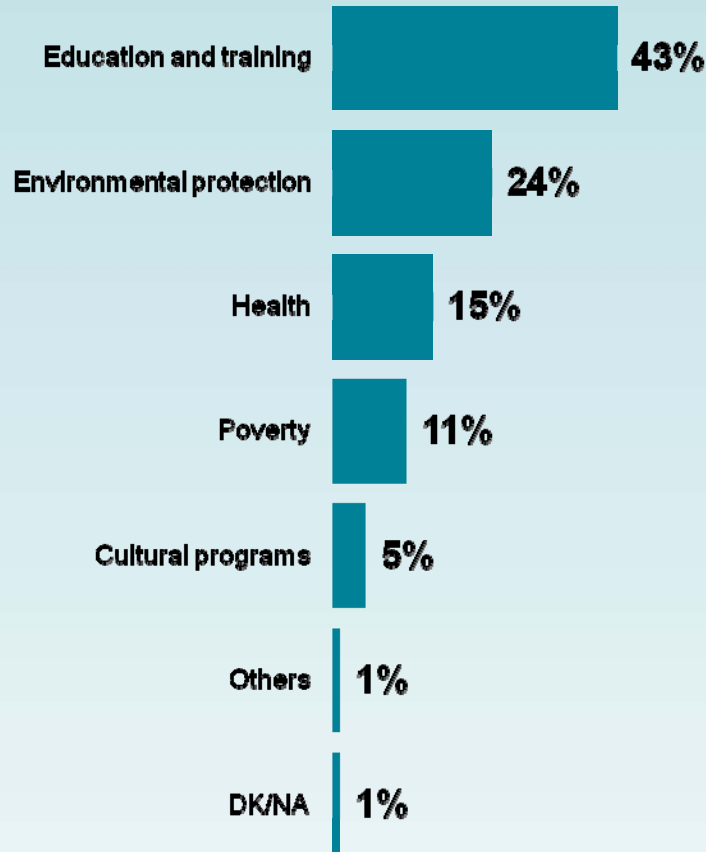


The *explicit policies over environmental protection* are the most practiced activities by the companies surveyed. The second highest rated activity among SMEs are *donations for NGOs*, followed by *community support programs* and *corporate volunteer activities*.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

CSR programs to be developed

In which one of the following areas would you most like your company to develop CSR activities?



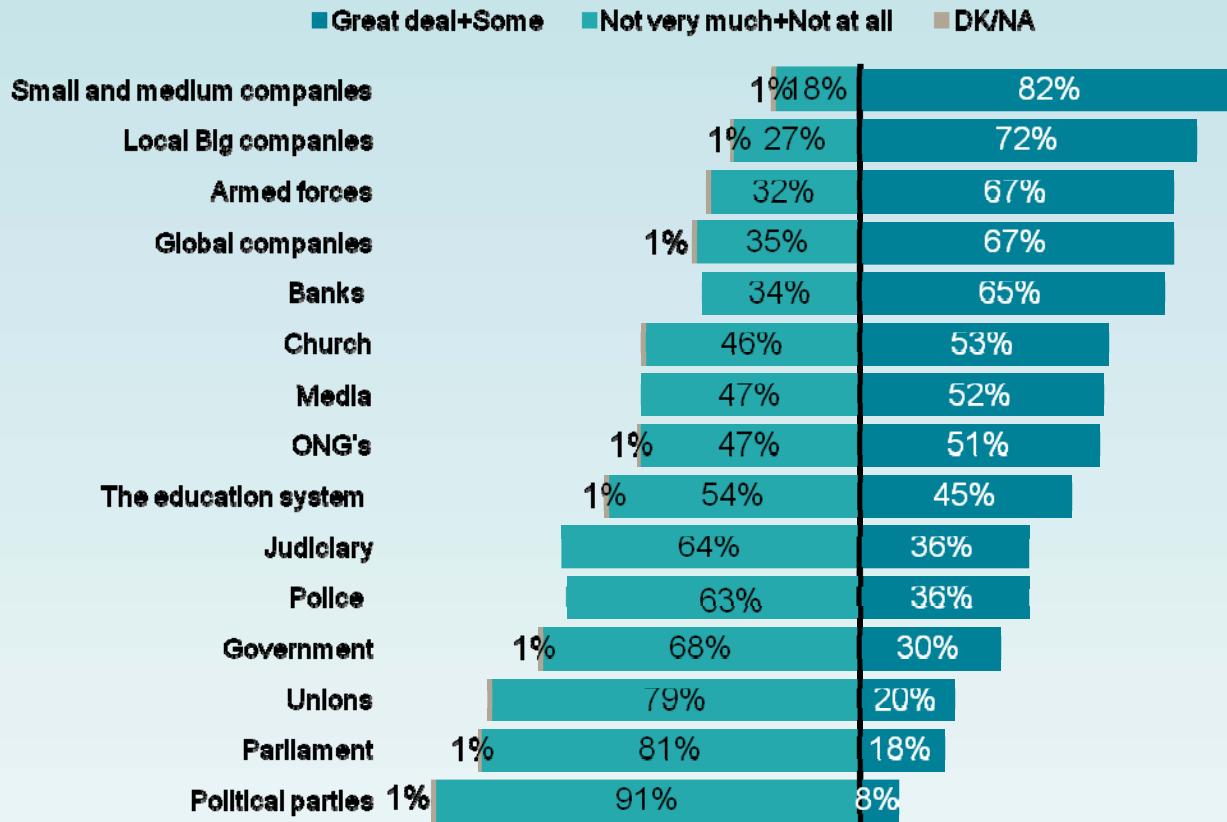
Education and training is the area of Corporate Social Responsibility (CSR) that the SMEs surveyed would most like to develop.

Environmental protection was rated the second highest activity that the SMEs surveyed would engage.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS

Confidence in institutions

I am going to read a list of institutions. Thinking about your country, for each one, please tell me whether you have a great deal of confidence, some confidence, not very much confidence, or no confidence at all in them



Political parties, Parliament and Unions are the institutions that inspire the least amount of confidence.

On the other hand, SMEs, large global and domestic companies, and the armed forces are the institutions that inspire the greatest amount of confidence.

Source: UPS Business Monitor Latin America conducted by TNS Gallup for UPS



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