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LATIN AMERICAN EXECUTIVES PREDICT REGIONAL GROWTH, MORE TRADE, JOB GAINS

Second Latin America Business Monitor Forecasts Sustained Economic Momentum with Brazil and Mexico Leading the Charge

MIAMI, Sept. 10, 2007 – Latin American business executives are forecasting continued economic prosperity with a helpful push from expanding global trade. Their optimism points to increased hiring, although UPS's second Latin America Business Monitor (LABM) also suggests that heightened security measures are posing an obstacle to growth.

The results of this year's Monitor, which surveys the region's small- and medium-sized enterprises (SME)¹, indicates an even more positive outlook than that expressed in last year's findings. Latin American businesses say while the next 12 months will be favorable for them, their success will be even more pronounced in three years.

- **Almost all business leaders say it's desirable for Brazil (94%) and Mexico (85%) to gain more economic and political influence in Latin America.**
- **More than half of executives (58%) expect to expand their workforce, an increase over 2006 plans.**
- **Nearly three-quarters (73%) of management assert that globalization brings concrete benefits, but acknowledge (70%) that increased global security measures are hampering their businesses.**

"What is clear from the results of this year's Latin American Business Monitor is that executives are confident the region is well positioned to extend its growth, now going on five years, based on favorable trade policies and increased global competitiveness," said Stephen Flowers, president of UPS Latin America. "The opportunities to succeed in the region are becoming increasingly attractive."

Latin America's economic well-being is tightly linked to its vibrant SME sector, which outnumbers large companies by a factor of 13-to-1² and is responsible for up to 40% of jobs³ in the region. Opinions offered by SME leaders enable their suppliers, business partners and non-governmental organizations to strengthen their relationships and mutual success.

Economic Growth and Climate

Seventy percent of executives surveyed indicate that in the next year Brazil will again anchor the region's economic growth, about even with last year (72%). The expectations around Mexico have grown considerably, with 63% expecting the country to step up its performance, compared with only 49% in 2006. Expectations for growth fell slightly in Argentina, from 65% to 61%, and Chile, from 64% to 60%. Expectations for Cuba increased, with 18% forecasting economic gains versus 13% in 2006.

When the horizon is extended to a full three years, business leaders convey even more optimism. More than four out of five (83%) indicate Brazil's growth prospects will be stronger, followed by Argentina (73%) and Mexico (71%). The forecast around Cuba also climbs substantially, to 28%.

As far as their own companies, business leaders express enthusiasm; about four-fifths (84%) believe their company's economic position will improve, an increase of four percentage points over last year's stated expectations. They also anticipate adding more staff, with 58% predicting payrolls will expand compared with 53% in 2006. However, almost half (48%) foresee difficulty in finding qualified candidates to fill open positions.

"Part of the issue is that the Latin American region still lags in educational advancement at all levels, hurting both the skilled and non-skilled labor markets alike," said Jerry Haar, professor of business at Florida International University. "There are too few vocational schools and those that exist are doing a poor job. Companies need to enhance apprenticeships and on-the-job training in addition to improving compensation for non-managerial workers."

Respondents say they would like to see Brazilian and Mexican economic success take root in their own countries. Almost all executives affirm that it's desirable for Brazil (94%) and Mexico (85%) to have more economic and political influence in the region, closely followed by the EU (86%), the United States (74%) and China (58%).

According to more than half of surveyed executives (55%), during the next year their investments will concentrate on equipment and infrastructure, followed by marketing activities (36%) and then information technology (32%).

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Global Trade

Latin American business executives are enthusiastic about the impact of globalization. About three-fourths (73%) state that it provides more benefits than disadvantages. They further say that international business efforts will either present more cross-border opportunities and boost earnings (44%) or reduce costs and enhance their competitiveness (39%).

Possibly impacting SME aspirations are the effects of increased global security procedures. Seventy percent of business leaders say that their businesses are affected by security measures including greater documentation requirements and longer delays in customs.

UPS, which is celebrating its 100th birthday, is the world's largest package delivery company and a global leader in supply chain services, offering an extensive range of options for synchronizing the movement of goods, information and funds. Headquartered in Atlanta, UPS serves more than 200 countries and territories worldwide. UPS stock trades on the New York Stock Exchange (NYSE) and the company can be found on the Web at UPS.com.

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Notes to Editors

1. The second edition of the Latin American Business Monitor surveyed 580 business leaders from Latin America's top small-and-medium-sized-enterprises between June and July of 2007.
2. Interviews were conducted in the following countries: Brazil, Mexico, Argentina, Costa Rica and the Dominican Republic. The number of employees of the businesses interviewed is fewer than 200. The survey was handled by independent global market research organization, TNS Gallup, one of the world's leading market information and social research groups, and the largest global provider of ad hoc/custom research.
3. 60% of the surveyed companies are exporters.
4. Figures may total less than 100% where only partial data are used or more than 100% where more than one response was allowed.
5. The results of the Latin America Business Monitor survey provide UPS, its customers, and others information on emerging issues and trends predicted to influence businesses in the region as they operate in the global marketplace.

580 business leaders from Latin America's top SMEs

² Pyramid Research

³ Inter-American Development Bank