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Investor Relations Activity in the Private Sector and at the Governmental Level: a Way to Promote Investments

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I. Introduction

Investor relations activity is a relatively new process not only for companies, but also for governments, especially those of emerging countries. The main evidence for this is that most of the investment promotion agencies, in countries where they exist, were created in the last four years.

Public or private entities need investment to develop their projects and the investors' community is excellent for that purpose. However, the decision to direct resources to a certain enterprise is not only linked to the profitability offered by the allocated capital, but is also related to the quality of available information to investors. This information will enable current and potential investors to better evaluate investment decisions.

Because of the required disclosure process and opportunities for getting more resources for new projects, a lot of companies started to act in a more active way to increase interaction with the market. To do so, they created specific areas to detect investors' expectations related to the company's performance and the information that they would like to have to make an easier and more realistic business analysis. Those areas function to release information, as well as to provide explanations related to the performance of the company.

The governmental attitude towards potential investors is very similar to this. In the beginning of this year, the Minister of Planning, Budget and Administration announced the creation of the Brazilian Investment Promotion Agency. The idea for that agency came from potential investors' demand for more information, concerning opportunities for businesses in Brazil. The agency should be operating in a net system and coordinating information on several important issues related to investment decision as fiscal incentives, tributary subjects, legislation and regulation.

II. The importance of the information

Before investors make the decision to allocate resources for a certain enterprise, extensive research is completed, in order to obtain a better evaluation of the possibilities that the business can offer.

Capital owners want to know everything that they can concerning enterprise growth strategies and the main initiatives that are in progress in order to make those strategies a reality. They want to understand the strong and weak points, competitive advantages and the competitive position. Finally, they want to know if the managers are efficient, if they have enough knowledge of the business and if they are motivated.

Investors are not likely to invest their money in stocks, bonds, commercial papers or other securities issued by corporations or governments unless they are fairly sure about what is likely to happen to that corporation or government project in the future.

At the governmental level, it happens in the same way. Besides, capital owners are worried about the political and economic stability, the existent barriers for the entrance of foreign capital and whether or not fair treatment will be given to both foreign and domestic companies. Additionally, they want to know what has been and is being done to improve market regulations. For example, investors want to know about the existence of committees to regulate competition and to defend the consumer.

The analysis of all those subjects is conducted in order to achieve a better understanding of an enterprise or company's future performance, as well as the economic performance of the country where it is based. Only after the study is complete will an investor decide whether or not to allocate resources.

In this way, companies and governments that intend to attract investments to finance their projects should be worried about finding better ways to disseminate information and quickly answering the questions that are formulated to them by people interested in the enterprise.

Academic studies show that the process of releasing information, called the disclosure process, can significantly increase capital owners' interest in financing companies or governmental projects.

A study completed in 1995 at the University of Michigan[1] shows that the companies that supply sell side analysts with clearer information allow professionals to make a more accurate assessment of the company, which will be closer to its final performance. These better forecasts help make a more efficient determination of the company's market value and decrease the volatility of the shares negotiated, in this way reducing the capital cost of the company.

Another study by academics at the same University[2], shows that a larger disclosure leads to a larger number of analysts assessing the company, and that this increased coverage takes the company to a higher market value and reduces its cost to raise capital.

The same reasoning can be applied to countries' bonds emissions to raise resources in international capital market. Countries that are more transparent in releasing information are better able to reduce their cost to raise money, because by doing that they are reducing their perceived risk.

The activity of supplying information to the market has improved because analysts, portfolio managers and institutional investors are demanding a higher

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[1] *Revista Relações com Investidores* – Ano I, no. 1, March 1998 (Associated to the Brazilian Institute of Investor Relations – IBRI).

[2] Idem

level of information each day to make their investment decisions. Years ago, demand was very small, since most securities issued by companies and governments were spread among individual investors or compulsory investors and the capital market was not very developed.

By the end of this century, the outstanding revolution in the capital market demanded companies to create mechanisms to make a limitless amount of information available, in an almost immediate way. The investors' main difficulty, which in the past was the search for information, became to analyze, in the short run, a great variety of data.

Inside this new universe on-line, a new release of information dynamics is required. Companies and countries that want to attract new investments should make themselves known through the creativity, speed and quality of information that is going to be released.

Nowadays, with institutional investors' growth and globalization, companies' acquisitions and flow of resources from one country to another have been increasing in volume. Choosing the right assets to invest in can produce a higher profitability, while wrong decisions can be disastrous for the allocated capital. Frequently, it is the quality of the financial information that makes the difference in investment decision, and most information comes from companies and from governments.

However, it is not only the financial information that interests the investor community. Research[3] shows that analysts and portfolio managers use a lot of non-financial information in their reports to recommend securities purchases or sales. The most important non-financial issues include new products, better

[3] *Revista Relações com Investidores* – Ano I, no. 1, March 1998 (Associated to the Brazilian Institute of Investor Relations – IBRI).

technology, strength of market position related to competitors, good administration, strategic plans, governmental policies, legal framework, political and economic stability, readiness of raw materials and workers, and local infrastructure. These issues can influence 40% of investment decisions.

Quality of any and all information is, therefore, a substantial and much more difficult subject than it appears to be. The flow of valuable and consistent information provides investors and analysts important subsidies for a correct evaluation of the enterprise. It provokes a favorable market reaction, since the market will trust more the company’s assessments. Because of that, any and all information that may influence investment decision in some way should be immediately released to the financial community. The key to provide better assistance for potential and current investors is to understand their needs and be aware of what they want to know. Precise and understandable information is the key to win the investor's confidence.

In that way, William Chatlos says that "a company can produce an extremely successful commodity that satisfies customers and generates earnings; it can have the most harmonious labor relations; it can emulate in marketing and performance what others strive to achieve; but if it fails to communicate to both shareholders and analysts the reasons behind this success and, even more important, that this success will continue, then management is derelict and will inevitably suffer for it".[4]

III. How to inform

After the entrepreneurs decide on the information’s importance to the market, it is necessary to disclose and release it properly. There is no unique and

[4] George Chatlos – Principal, Georgeseon & Co., New York, NY, in Investor Relations Handbook, p.3, prepared under the auspices of the National Investor Relations Institute – Arthur R. Roalman, editor – 1974 AMACOM, a division of American Management Associations .

correct way of doing this job. The thing that matters most is to follow the impartiality and clarity criteria, besides the disclosure methods that are going to be used. The form through which corporate messages, announcements and strategies are conveyed can vary. It can include any combination of individuals or groups, telephone contacts, large and small group meetings, one-on-one contacts and written materials.

A suggestion to improve the relationship between the company or government and the investors and analysts' community is to create a mailing list, containing the names and addresses of people that could be interested in corporation or government projects, as well as the names and addresses of those that are already accompanying the enterprise. The function of this list, besides improving the relationship with the market, is to open a channel to answer specific questions, which should also be available to the public. However, the important thing is to make sure that information released to those specific people is always public, everybody enjoys equal access to it and no specific group is privileged over any other.

In that way, the principal means through which information can be disclosed are enumerated as follows:

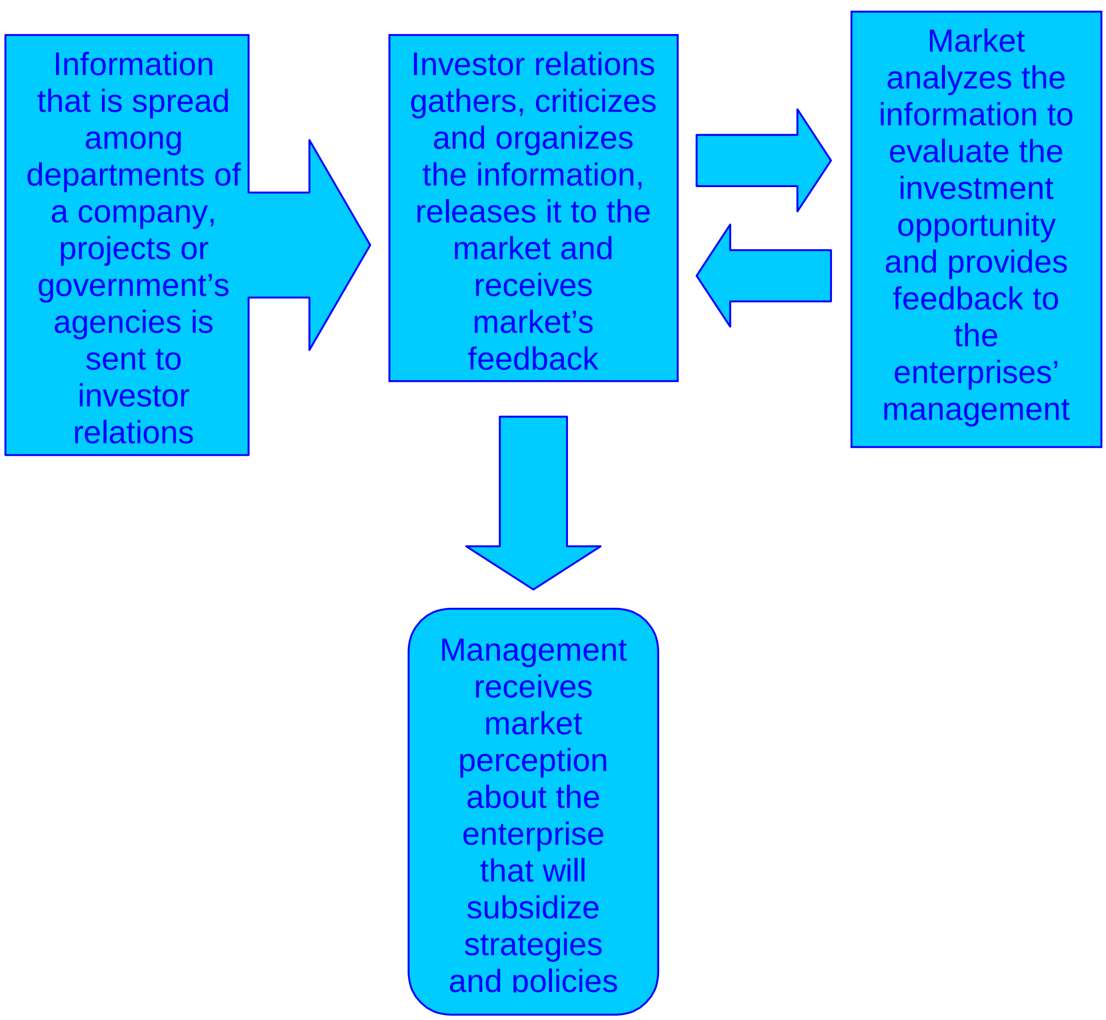
- Newspapers: publication of financial statements, managerial reports and official reports in a general way. Besides, all material fact should be published to broadly release what can influence the enterprise's performance;
- Institutional videos: release of images to show the enterprise's current situation, its potentialities, atmosphere in which it is inserted, main activities etc.;
- Internet: creation of specific sites, where investors can look for the information they need to make the enterprise evaluation. The Internet site can, besides that, contain published information;

- Presentation meetings: meetings held in specific institutions, with the analysts and investors' community, aiming to personally discuss issues related to the enterprise. The meetings should be designed to establish rapport between investors, shareholders and analysts, and the company. They should consider markets, processes, financial matters, accounting procedures and any other aspect of the enterprise or project beyond what is covered in reports.
- Technical visits: to promote analysts and investors visits to enterprise's facilities, in order to allow them to evaluate, in loco, what is being done with the business;
- Road shows: to promote presentations in principal cities, where analysts and investors are concentrated, for the purpose of improving relationships and bringing the audience more recent data and detailed explanations on the enterprise;
- Conference calls: done with the same purpose as road shows and presentation meetings. It does not allow for the important physical contact between people, but on the other hand, it allows for the privilege of simultaneity and speed in releasing information. The conference call is also useful in conjunction with large or small group meetings to accommodate global investors that may not be able to attend the meetings personally;
- Reports, bulletins and folders: are documents containing managerial analyzes and important data on the enterprise and must be updated at least in a quarterly basis. Annually, a broad report should be done, showing the enterprise's evolution during the whole fiscal year. That material can be disseminated to a mailing list through facsimile or e-mail addresses and also released, immediately, to the entire public, through a web site.

It should also be good to remember that no matter how complete the data released and the explanations may be, questions will invariably arise that can not be answered on the spot. To solve this problem, a follow up call or letter can provide answers and will also present an opportunity for further review and elaboration of critical matters.

It is in this context that investor relations activity takes place, since the main goal of an investor relation professional is the supply of solid information, accompanied by orientation and related explanations on its meaning, in order to facilitate investment decisions.

The Flow of Information



IV. Investor relations activity‘s evolution

Investor relations activity began in the United States, in the fifties, aiming at individual investors that then prevailed on the stock market. Those investors demanded information on the companies in which they were investing their money, in order to evaluate the return that the investment could offer to them. Because of that view, company directors felt the need to dedicate part of their time to release information about the company’s performance, as well as its activities in its specific market.

In the beginning, the function of Investor Relations – IR got confused with the one related to public relations. However, growth of institutional investors and the merging of companies that took place in the USA in the eighties helped the IR activity to be seen as an activity of corporate marketing, which combines the communication and finance disciplines to promote and release information. In that way, it makes possible an evaluation of public companies current and prospective performance, contributing to the correct evaluation of the investment that will be done.

The IR activity also presented a considerable development in the Europe of the eighties, mainly because of the great privatization process that made it necessary for new investors to buy shares. That tendency was reinforced by the issuance of American Depositary Receipts - ADR by European companies in the American capital market, since this market was already more advanced in relation to that subject.

In the nineties, the activity was consolidated in the principal stock markets of the world and started to develop in the markets known as emerging markets.

In Brazil, the activity appeared in the nineties and is still very incipient. It took place because of foreign investor's entrance in the domestic market, privatization, and securities issuance, especially American Depositary Receipts – ADR, by some Brazilian companies in foreign capital markets. From then, companies became worried about not only the procedures and supply of obligatory information legally required, but also with the voluntary ones, demanded by analysts, portfolio managers and investors.

Regarding entities related to the activity, in 1969, a group of investor relations professionals, aiming at developing an ethics code for the activity, created the National Investor Relation Institute (NIRI). Today, NIRI is also dedicated to advancing the practice of investor relations and meeting the growing professional development needs of those engaged in the field. In Brazil, a similar institution was created in June 1997, the Brazilian Institute of Investor Relations – IBRI.

Related to the procedures and legally required information, the Brazilian Security and Exchange Commission - CVM regulates and supervises public companies and securities' public offerings. The Commission also offers advice about recommended voluntary information and procedures to be taken when the company faces important facts that should be disclosed.

At the governmental level, the activity began to develop with the growth of Foreign Direct Investment – FDI flow, which happened in the last decade, also because of the privatization and globalization process.

To obtain these resources, countries initially adopted measures to create a more attractive atmosphere for investors, centered in political and economic factors, as well as in the business atmosphere, summarized as follows:

1. Political

- Political, social and economic stability;
- Specific rules for foreign capital entrance and operation;
- Policy and rules for market operation and structuring;
- Participation in international agreements and treaties;
- Privatization policy; and
- Tax reforms.

2. Economics

- Market: size, structures and income; rate of growth; regional and global market access; and consumer's preferences.
- Resources: raw material; low cost and qualified human resources; capacity to aggregate value; and appropriate infrastructure.
- Efficiency: resource cost adjusted to the productivity; intermediate product cost; head office-filial communication cost; possibility of integration and of regional net creation.

3. Business environment

- Services to promote and support foreign capital;
- Costs related to bureaucracy, inefficiency and corruption;
- Social aspects such as quality of life and existence of bilingual schools; and
- Existence of services as Consultant Offices to help after investment.

However, country governments began to notice that changes in policies were not enough. It was also necessary to inform and to convince the foreign and domestic investors of the existent business opportunities.

In that way, Canada and Ireland created information programs and used advertising to change their image of countries less friendly to foreign investment. With the growth of world demand for FDI, mainly in the last decade, the creation of agencies to promote foreign investment happened to occur in several countries.

In April of 1995, after a meeting of investment promotion agencies representatives, accomplished under the auspices of the United Nations Conference on Trade and Development - UNCTAD, an international association of investment promotion agencies was created, the Word Association of Investment Promotion Agencies - WAIPA. At the end of 1999, WAIPA already had associated agencies in more than 100 countries.

WAIPA is an autonomous, non-profit organization, with headquarters in Geneva, Switzerland. Its main goals, according to its bylaws[5], are:

a) to promote and develop understanding and cooperation among investment promotion agencies;
b) to strengthen information gathering systems and information exchange among investment promotion agencies;
c) to share country and regional experiences in attracting investment;
d) to assist investment promotion agencies to gain access to technical assistance and training through referrals to relevant agencies;
e) to facilitate access to funding and other assistance, through referrals to relevant bilateral and multilateral agencies, for the development and implementation of investment promotion programs; and,
f) to assist investment promotion agencies in advising their respective governments in the formulation of appropriate investment promotion policies and strategies.

[5] Statute of the World Association of Investment Promotion Agencies at www.unctad.org/en/subsites/waipa/waipstat.htm

In Brazil, the Federal Government Development Chamber authorized the agency's creation in the beginning of this year and the implementation process has already been started.

Besides, Brazil has a series of organizations that act on direct investment attraction and show that there are vocations and competencies to deal with the subject. Among these organizations, there can be mentioned: the Department of Commercial Promotion of the Ministry of Foreign Affairs; the Ministry of Planning, Budget and Administration; the National Bank for Economic and Social Development - BNDES; the International Center of Businesses - CIN, that is being implemented by the National Confederation of Industry - CNI; the External Commerce Chamber - CAMEX; the Exports Promotion Agency - APEX; the External Trade Association of Brazil - AEB; the External Trade Studies Center Foundation - FUNCEX; and the Brazilian Society for Studies of Transnational Companies and Economic Globalization – SOBEET.

IV.1. Foreign Direct Investment – FDI around the world

Foreign direct investment - FDI can be understood as investment in portfolios or equity that results in control of a company. FDI can also be considered the investor's holding of 10% or more shares of a company based in another country.

Another way to define FDI is as an investment involving management control of a resident entity in one economy by an enterprise resident in another economy. FDI involves a long-term relationship reflecting an investor's lasting interest in a foreign entity.

FDI is the largest source of external finance for many developing countries, which in recent years, especially during financial crises, have found it to be more stable than portfolio investment and bank lending. Governments recognize the importance of attracting FDI. Across the globe, they are opening their economies to encourage the flow of trade, technology, information, investment and finance.

In 1998, this kind of investment reached the amount of about US$ 650 billion, registering a growth of 37% related to 1997. In 1999, global FDI outflow rose to US$ 800 billion. Because of that, a lot of countries changed their attitude toward the entrance of foreign capital. Legislation and policies were improved in order to attract more direct investments and to offer better conditions for the establishment of new transnational companies. In 1997, among more than 150 modifications that happened on legislation of more than 75 countries, 90% of them were concentrated on the creation of more attractive conditions to FDI entrance.

Main capital exporters are developed countries, which answer for 90% of the FDI around the world. In that sense, USA has an outstanding role, being responsible for 20% of the resources, while United Kingdom is responsible for 18%, Germany is responsible for 13% and France, Holland and Japan are responsible for 6%, each. In spite of the developed countries being also the largest receivers of FDI, the emerging countries did not stop receiving a considerable volume of those resources. In 1998, these last ones received around 28% of the flow of FDI, meaning US$ 185 billion. In 1999, it can be considered that US$ 230.4 billion have been sent for emerging countries. Latin America received US$ 94 billion and Asia received US$ 106 billion. Of the resources sent to Latin America, US$ 31.4 billion was addressed to Brazil and of the amount addressed to Asia, US$ 40.4 billion went to China. The following table displays the 10 principal emerging countries that received FDI in the period from 1997 to 1999.

Main Emerging Countries that Received FDI - annual Flow

1999			1998			1997		
Rank	**Country**	**US$ billion**	**Rank**	**Country**	**US$ billion**	**Rank**	**Country**	**US$ billion**
01	China	40.4	01	China	43.8	01	China	44.2
02	**Brazil**	**31.4**	**02**	**Brazil**	**28.5**	**02**	**Brazil**	**18.7**
03	Argentina	23.2	03	Hong Kong	14.8	03	Mexico	12.8
04	Hong Kong	23.2	04	Mexico	10.2	04	Hong Kong	11.4
05	Mexico	11.2	05	Taiwan	7.4	05	Argentina	8.8
06	Korea	10.3	06	Argentina	6.5	06	Singapore	8.1
07	Chile	9.2	07	Poland	6.4	07	Russia	6.6
08	Poland	7.5	08	Singapore	5.5	08	Malaysia	6.5
09	Singapore	7.0	09	Korea	5.2	09	Colombia	5.6
10	Taiwan	6.1	10	Chile	4.6	10	Venezuela	5.5

Source: World Investment Report 2000 – UNCTAD

V. Investor relations activity in the private sector

The main goal of investor relations activity in the private sector is to improve the relationship between a company and its potential and current shareholders, investors and analysts from the sell side or buy side. It is also to build trust and credibility for the company.

The best definition of the activity is the one given by the National Investor Relations Institute - NIRI: " investor relations is defined as a strategic corporate marketing activity combining the disciplines of communication and finance that provides present and potential investors with an accurate portrayal of a company's performance and prospects. Conducted effectively, investor relations can have a positive effect on a company's total value relative to that of the overall market and the company's cost of capital"[6].

The market value of a company reflects the confidence that the market has in its performance and to keep this confidence, it is necessary to take care of the relationship the company has with that market. Therefore, the continuous release of information concerning the managerial performance and the perspectives of the company is of fundamental importance to avoid breaks in communication and to allow a correct analysis of enterprise activities.

The executive in charge of the company's investor relations area develops relationships with analysts based on the information he/she release to them, because it is the best tool to win analyst, broker, and investors' confidence. The most important goal is to be a safe source of good information for the market. For that purpose, it is necessary that the investor relations professional be an expert in the company and in the business sector related to it. Besides, he/she needs to have the full support of the employees and companies' high administration, in order to obtain and release proper information.

On the other hand, the investor relations activity contributes to improve the level of knowledge of senior management, since the market demands professionalism, want to know the leader's background, the logic of the functional organization chart, the dynamics of decisions made and the management view of the capital market. The market demands, also, independence between the company managers' professional and private interests.

The ethics and institutional image are aspects that should also be fully observed by investor relations professionals. It is necessary that a public

[6] NIRI – National Investor Relations Institute, Standards of Practice for Investor Relations, First Edition, 1998, p. 1.

company’s administration adopt a posture of transparency, which should not be restricted to release legal information.

It is important to point out that the investor relations professional ethical posture should be to present the facts and the perspectives of the company, without making any investment recommendation related to the business.

Adding to that, it is really important to avoid privileging certain groups of investors and analysts to the detriment of others. Besides making the company susceptible to punishment by regulatory agencies, such actions commit the company’s image and end up creating bad communication habits that will narrow the pool of potential investors.

Because of the growing importance of capital markets on a world level, the investor relations activity is turning out to be a strategic issue for the companies, as a means to improve the analysts and investors’ interest in addressing money to finance firm’s capital and specific projects. For this purpose, the function of investor relations includes a wide group of tasks, some of them outstanding in the next items.

A. Developing investor relations culture and policy inside the company

This task refers to the attribution that the investor relations professional has related to make senior management and others company’s employees aware of the importance of a stable, regular and transparent relationship with the analysts' community and investors.

The investor relations executive has the duty of building market confidence in the company’s perspectives. Therefore, that professional should make efforts to clarify, for senior management and others company’s employees, the importance and the value of supplying analysts and investors with the information that they need to understand the company and best completely evaluate investments.

The raw material of investor relations is information and that input is spread among all the company’s departments. For this reason, it is necessary to eliminate internal barriers related to the supply of information. However, it has to be guaranteed to the board of directors and managers that the investor relations activity will pay attention to the appropriate information confidentiality and managerial speech consistence.

Another important aspect of this issue is the managers’ education about how to behave in the capital market, making them understand the current and potential investors’ logic to address their resources.

There are several ways of carrying out this task. Included among them, are: elaboration and release of an investor relations policy; presentations for managers and employees, pointing out the importance of the investor relations activity to increase the company’s market value and to get resources from investors; and the establishment of a relationship between other areas of the company and shareholders, investors and analysts.

It is important to look how transparency and information supply is going to be dealt with by the company’s administration when developing an investor relations culture. The definition of those parameters in the investor relations’ policy should increase management awareness about the commitment they must have with the time, consistency and credibility of the released information.

B. Releasing compulsory and voluntary information to market analysts and investors

This function consists in disseminating both information that is legally required and voluntary to the capital market participants and society in general, in order to technically aid them in making decisions about the negotiation of the company's stock and bonds that they hold.

The legal requirements aim to guarantee that the capital market receives information about the company that properly reflects its current situation and perspectives. They also want to guarantee that this data is timely available and released by appropriate means, in order to allow for investment decisions and voting in shareholders' meetings.

On the other hand, the Brazilian Security and Exchange Commission - CVM established guidelines and patterns so that public companies publish a minimum amount of quantitative and qualitative information considered essential to the market. It also established the need for publishing certain important facts to the market as they can be seen as material facts.

The principal criteria to define a material fact should be the probability of a certain managerial and capital structure event coming to affect prices of the company's outstanding securities and the investors' decision to negotiate those securities or not.

The principal instrument that CVM has to obtain company's obligatory information is to require a registration for the securities' negotiation. To grant the registration, CVM asks for certain information and establishes means to make that information available to the public. The company can not be a public company with its securities being negotiated in the market while it is not registered, and it will happen only when the required data is available.

Besides preceding the company's initial public offering, the registration also aims to supply information to the secondary market. The continuous and updated supply of information to the secondary market is systematized through popularization of periodic information.

The main legally required information of Brazilian companies refers to:

- Publish an annual report, financial statements, as well as proclamations and minutes of shareholders meetings, in the official press and newspapers of great circulation;
- Make available to whom it may concern the updated company's bylaws; and
- Mandate managers and board of directors to publish in the press and release to stock exchanges any deliberation of general shareholders, council of administration and board of directors meetings, as well as any material fact that can influence the investors' decision of investment.

It is a function of the company's administration, together with the IR professional, to promote a continuous evaluation of the need for additional information that can interfere with the company stocks and securities quotations. However, frequently information needs to be explained using a language common to the market, and not one specific to each company. An appropriate policy of releasing information includes that kind of service.

The company's release of explanatory information should follow the same parameters of the obligatory information regarding quantity, quality and periodicity. A continuous, updated and standardized flow of information, even when it refers to unfavorable issues, is a fundamental point to structure the institutional image of a company.

The release of voluntary information should be addressed to actual and potential shareholders, analysts from the buy and sell sides, institutional investors and fund managers. Finally, it should also be addressed to the financial community and investors in general, in addition to the press and regulatory agencies.

The main voluntary information to be released by the company should be:

- Performance forecasts and expectations of future profits, presenting the premises and calculation used;
- Managerial analysis of the facts and contingencies that happened in the company and their impacts on the company's performance, in order to allow investors to better evaluate the profit achieved, besides the financial statements;
- Capital structure, approaching the relationship between own capital and debt, as well as financing strategy;
- Shareholders' remuneration policy, including the issues that can influence an increase or decrease in the remuneration considered normal; and
- Investments and business plans, in order to show which are the perspectives of the company in the market segment where it acts.

It is the investor relations professional who guarantees the information transparency, homogeneity and simultaneity, obeying ethical patterns and rules of official agencies. It is also a function of investor relations professionals to make sure that analyses based on incorrect or unofficial information are not published.

C. Coordinating the process of due diligence for bonds and shares issuance

A company goes public for new securities issuance when it needs resources to develop and execute a project or when it needs to increase its working capital supply. An important function of the area of investor relations is also the coordination of the process of collecting information to subsidize that emission.

This process is called due diligence and its goal is to publish all the information that is important for an investor. That information can be financial, operational or legal. Several meetings among the company's managers, accountants, auditors, lawyers and subscribers are necessary to improve the process called MD&A - Management Discussion and Analysis.

The information collected in these meetings will be used for the elaboration of the issuance prospectus. The prospectus is the document through which investors and analysts can better know the company and rating agencies can evaluate the company in order to classify the offering.

In spite of the prospectus, the rating agencies can request meetings with the company managers to understand specific issues. Road shows in the main cities of the offering are going to be necessary in order to have a better approach to the market analysts, portfolio and fund managers, and investors.

The role of the investor relations area is of extreme importance in this process in order to still guarantee the time and consistence of the information, promoting the coordination among the speakers of several areas of the company.

D. Keeping the relationship with regulatory agencies, stock exchanges and over-the-counter markets

As it was previously mentioned, there is a series of information that is legally demanded by regulatory agencies. This information concerns annual and quarterly reports, standardized financial statements and the Council of Administration meetings minutes, among others.

The Brazilian Security and Exchange Commission – CVM requires that every public company should have one of its directors responsible for the investor relations and for the release of information to the market. That professional is the one responsible for information and who should sign the reports. It is the IR team responsibility to publicize and release such information to whom it may concern.

It is through the investor relations professional and his/her team that the company will follow the rules and meet the requirements of the regulatory agencies. Besides what is required by CVM, stock exchanges can, by law, establish requirements to register public companies, such as: minimum capital, conditions to divide the capital in each of the stock's class, description of the services that are going to be offered by the company to its shareholders, minimum liquidity and policy of dividend distribution, among others.

In Bolsa de Valores de São Paulo - BOVESPA, the main Brazilian stock exchange, it is the General Superintendent who grants the company the stock's registration. However, it is granted only when CVM has already given the register of public company; the company offers attendance service to its shareholders; communicates to BOVESPA, publicizes and releases the market interest information; and presents the main following documents:

- Requirement form signed by the Investor Relations Director;
- Statement signed by the same director, committing the company to obey the regulation and to communicate acts and material facts;
- Fiscal year quarterly information;
- Updated bylaws;
- General meetings and Administrative Council meetings minutes for the last twelve months; and
- Financial statements of the last three fiscal years.

The regulatory agencies and the stock exchanges should receive official communications from companies, which are responsibilities of the Investor Relations Director. The documents enumerated next should be released to the stock exchange where the company's shares were originally registered, to those in which the stocks have been most negotiated and to those that request them:

- Standardized Financial Statements, according to the Brazilian Generally Accepted Accounting Principals - one month before the Ordinary General Meeting - AGO, that takes place annually, at most four months after the previous fiscal year;
- Quarterly Information - by 60 days after the end of every quarter;
- Annual Information - by 30 days after the AGO takes place; and
- Material Fact - immediately.

E. Holding meetings with markets analysts, portfolio managers, as well as with current and potential investors

Market professionals and investors, current or potential, need updated information in order to do their assessments and make the best investment decision. It is the investor relations professional responsibility to maintain the link with the market, providing it with the demanded information.

In making contact with investors and analysts, the investor relations professional should be available to meet their requirements, but he/she should make sure that privileged information is not released to the public.

Officials should avoid revealing facts that the company is not willing to release to the public in general in the meetings with markets analysts, portfolio managers and current and potential investors. The important data that may have been unintentionally released without being communicated openly, must be, immediately, turned public.

In the meetings – which are either collective, individual, with analysts' associations or with small groups – the professional responsible for the investors relations area should supply subsidies in order to allow a better evaluation of the company's current situation, considering the sector conjuncture, production, inventory sales, prices, costs, taxation, extraordinary losses or profits, its liabilities profile, as well as investors profile; short, medium and long term goals and managerial strategies; planned investments and financing sources; corporate administration and ownership structures; and risk factors that may influence the company's profitability, as the current market, labor, taxation and environmental liabilities etc.

The information referring to the last performance is interesting as it serves to explain the facts that provoked deviations from the assessments done by analysts. As a result, the information on the last performance should also be talked about and analyzed in the meetings.

There are buy side analysts that work for institutional investors and sell side analysts that work for brokers that demand differentiated information. Those analysts can still be subdivided into generalists and specialists. There are, finally, analysts from the risk classification agencies for securities issued by companies, which are already quite common in riper markets.

Therefore, the exchange with that public is a fundamental issue. As a consequence, solid knowledge of a company’s accounting, its activities and the market where it is performing is required from the investor relations professional.

F. Following the company’s assessments

It is an investor relations professional’s duty to identify the kind of information analysts want to fulfill the evaluation models they use and to administer market expectations. Therefore, it is extremely important that the investor relations area be able to identify the analysts that are assessing the company, in order to address the supply of needed information.

The analysis of the result projections done by these professionals allows a better vision of the market’s need for information to do more realistic evaluations. It is important, also, that certain groups of analysts are not privileged to the detriment of others.

Related to forecasts, the behavior of the company should be as cautious as possible. Projections that don't reflect the managerial reality are not desirable, because they discredit the future of the company. The investor relations professional should make the necessary corrections and eliminate mistaken interpretations. On the other hand, the professional and the investor relations team cannot interfere with the analysts' recommendation of securities purchases or sales or with the risk evaluation, because it could be seen as a non-ethical behavior, that will be condemned by the market.

G. Following the negotiation conditions of the company's securities and bonds

The companies' investor relations area should develop a scheme of permanent evaluation of the performance of the securities that are being negotiated in the market and the conditions under which they are being negotiated.

By behaving this way, the companies have better conditions for speaking to the market to clean eventual inconsistencies or abnormalities in the shares' prices and negotiated volumes, as well as for supplying directors with very important feedback.

Reports should be done in order to evaluate and show the bonds performance during the release of results, financial statements, material facts, shareholders meetings minutes etc. Besides taking into consideration the company's endogenous factors to analyze the performance of the bonds that are being negotiated in the market, other exogenous factors, such as interest policy, inflation and foreign market, should also be considered.

The elaboration of such documents can also serve as a parameter to measure the volatility of bonds issued by the company.

H. Informing the company's board of directors about analysts and investors' perceptions

Investors and analysts bring, to the company, important information about the behavior of the market in general, the sector where the company is performing and current and potential investors' expectations.

The process of publicizing information is, in reality, a two-way road, in the sense that the investor relations' area both gives information to the public and gets market perception about the company and the reasons why shareholders come undone or acquire new shares.

There are analysts that are sector specialists, who hold deep knowledge of the sector in which they play their role. Others are generalists and bring contributions due to the inter-sector and macroeconomic comparisons that they do.

Analysts and portfolio managers work as consultants, in the sense that their questions and opinions serve as arguments for the consolidation or correction of the corporate planning.

One of the main goals of the investor relations activity is to provide management and the board of directors with information regarding developments in the financial market and perceptions of investors that may be useful in the formation of the company's long and short-term practices and policies. It may also enhance management's understanding of strengths and strategies of peer companies and industry performance.

The one who is responsible in the company for the investor relations activity should be concerned about taking that market perception to the company's high administration. Behaving this way, he/she will allow important fittings in the company's market value, as well as in the company's interaction with investors.

A way to develop that function is to elaborate monthly reports for the management, making it informed of the market analysts and investors' perceptions. That information will make possible changes in the managerial guidelines to best adapt them to the analysts’ community and investors’ expectations.

V.1. Benefits of an investor relations’ program

Considerable improvement in the relationship with investors and analysts has been achieved by appropriately fulfilling legal requirements for going-on-public and maintaining the legal status of public company.

However, the development of a more complete IR program, aiming at the systematic publicizing of voluntary information, meetings with the investors and analysts' community, monitoring company’s assessments and monitoring negotiation conditions of outstanding securities, can bring considerable return to the company. Those returns overcome the disadvantages that may exist with the program implementation.

A. Growth of the securities’ market value and liquidity

A lack of information on a certain investment increases its risk and leads investors to apply a certain discount on what should be the fair price of the company’s outstanding securities. It is called risk prize. The company increase of disclosure tends to reduce that prize and, therefore, elevates the value of negotiation of the outstanding securities.

In the same way, transparency helps increase liquidity - the volume of outstanding securities of a company and the ease by which they can be negotiated - since with better information more analysts will be assessing the company and, therefore, stimulating purchase and sale decisions.

B. Costs reduction on public offerings

One of the ways that companies have to look for resources to finance projects and to increase their working capital is through share or debt issuance. When a company presents a consistent program to communicate information, the market will be willing to pay relatively more for the security issued since the risk prize is reduced by the ease that analysts have to do their forecasts and verify the enterprise performance.

A good disclosure continually approximates companies' analysts and investors and eases the price consensus by institutions involved in the underwriting process, diminishing the marketing effort on the primary distribution or even on the secondary negotiation.

C. Satisfactory shareholders' base

An investor relations program can help a company to reach a stockholders' base closer to its leaders' strategy. This strategy can be related to the ideal amount of shares held by a shareholder, the way shareholders look at the company or the current and potential shareholders' financial capacity to subscribe new securities.

V.2. Ethical posture and institutional image

The concern about the ethics of the public company should be coupled with an investor relations program implementation. The public company ethical posture should not be restricted to the satisfaction of legal requirements.

Managers should be careful dealing with privileged information, outstanding securities negotiation and the immediate publicizing of material or important facts.

Concerning the investor relations professional, he/she should adopt a posture of presenting to the market the company's facts and perspectives without influencing the investment decision. The investors and analysts should make that decision by themselves.

The investor relations executive should not attempt to publicly evaluate the advantages of investing in his/her company's stock or to advise investors to the proper price for the stock. These are functions of the analyst, who is expected to develop, in an unbiased way, such analyses. This analyses ranges from the company's activities to political, economic and industrial aspects that may impact the performance of a company.

The ethical posture should also apply to the independent auditor's choice. He/she should, besides being registered in the Brazilian Security and Exchange Commission - CVM, be recognized by the market.

The implementation of an investor relations program also contributes to reinforce the company's institutional image since its performance reaches the financial community, suppliers, customers, academics and government, in addition to investors and analysts.

Many issues orient the ethic of a public company. Among them, the following can be enumerated:

- Transparency, which can be understood as the capacity that a company has to generate satisfactory information concerning its performance and signaling the main tendencies for its future;
- Reliability of published information, especially of the financial statements and material facts;
- Respect to small and big shareholders; and, finally,

- Company’s contributions to develop the capital market as a whole, which can occur through collective actions to improve market rules and quality and increase negotiations volume.

V.3. Structure and costs

According to research done by a Brazilian consulting company, called SLM & Lopes Filho, the costs of investor relations activity in the two hundred companies with larger participation in the market were around 5% of total commercial and advertising expenditures. Those costs include wages, elaboration and distribution of publications such as company book, annual report, quarterly reports, and meetings with investors and analysts.

In a medium size company, that according to the Brazilian conception has total revenues of about US$ 25 million, that activity would cost US$ 100 to 125 thousand a year, what represents less than 0,5% of revenues.

VI. Investor relations activity at the governmental level

Actually, Brazil is being looked at as one of the three better poles of investment attraction in the world. Factors such as economic stabilization, the end of state monopolies, deeper commercial openings, amplification of private investments access to sectors previously restricted and consolidated economic reforms made foreign investors aware of Brazil as a viable country to address resources to.

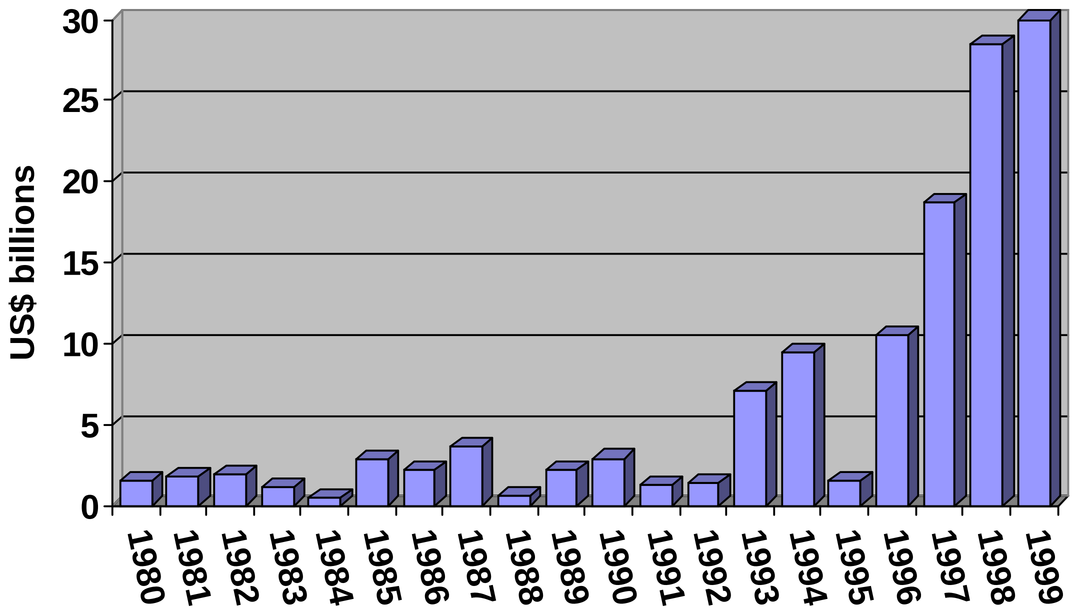
Political, economic and business environment issues are decisive elements in the search of international capital. The stability, among the political factors, is an important input. Clear rules to deal with foreign companies and defined political directions are important to attract investors. In this sense, Brazil established rules for currency convertibility and home profits return according to international standards. Transnational companies value concepts such as consumer’s defense, labor training and environmental preservation. Such companies look for transparency in their relationships and Brazil is really concerned about it.

American lawyers, through the American Bar Association – ABA, an institution that congregates 14 thousand people working in law business – chose Brazil as a priority country for investment. Because of that, a delegation of representatives from 24 offices visited Brazil to learn about the social, political, economic and legal conditions that Brazilian businesses operate in to inform their customers. Those customers are directors and managers of companies of all sizes, interested in investing in the country.

The investment level in Brazil grew significantly with that new vision of foreign investor. As can be inferred from the next graph, Brazil received, between 1980 and the beginning of 1994, an average of US$ 2.2 billion of Foreign Direct Investment - FDI. As a consequence of the factors above enumerated, Brazil received US$ 10.5 billion of FDI, in 1996; US$ 18.7 billion, in 1997; and US$ 28.5 billion in 1998. In 1999, the amount of US$ 31.4 billion that Brazil received as FDI represented 4% of its GDP, a record level in the country’s history.

Almost 26% of the approximately US$ 90 billion that Brazil received as FDI between 1995 and 1999 was addressed to privatization. In 1999, of the US$ 31.4 billion that Brazil received, around US$ 9 billion was addressed to that purpose.

GROUTH OF FDI IN BRAZIL



Source: BACEN and World Investment Report 2000 – UNCTAD

In spite of the growth of FDI in Brazil, the reduction of the privatization process and the high competition for foreign capital that was established in the world led to the adoption of measures to maintain and, if possible, to enlarge the flow of those resources to the country.

In that sense, the alternative for Brazil would be to offer domestic and foreign investors new projects of enterprises in transportation, energy and telecommunication sectors to replace the inevitable reduction in public assets alienation. The federal government owns an economic infrastructure project portfolio considered essential for the increase of competitiveness of national production. This portfolio was identified by the Study of National Axes of Integration and Development, within the governmental program “Avança Brasil”.

In spite of the existence of several public and private organizations involved in some way in attracting investments to the country, it should be necessary to articulate the accumulated experiences. For that purpose, the creation of an agile and flexible organization to attract and to promote the direct investment in Brazil would be needed. This organization might be able to accommodate those different experiences and interests, besides assuring transparent procedures for the society.

That institution, of national encompassment, should promote the country's image and the businesses opportunities in development projects. It would be important that the organization might be able to inform and render services to potential investors interested in addressing their resources to Brazil. Besides, it should advise the federal government on the definition of policies to increase the flow of foreign investments.

In that sense, the Brazilian government became concerned about the creation of an institution to fulfill that gap. According to a deliberation of the Federal Government Chamber of Development, a workgroup was created, in January 2000, to elaborate the proposal of the creation of that organization. The group concluded its work in March, recommending the foundation of the Brazilian Investment Promoting Agency as an entity autonomous from the government, with the main goal of attracting domestic and foreign investments. The report was presented to the Chamber of Development in April 12, 2000. The President of Brazil accepted the proposal as well as the schedule to implement the Agency.

In the elaboration of the project, the workgroup was concerned with identifying the characteristics of organizations already installed in other countries, in order to have a better understanding of the international experience and to adapt it to the Brazilian reality. The characteristics of the agencies already installed at the countries involved with the FDI are basically the following:

- The agencies are directly subordinated to governments and have units abroad to help them;
- All of them have a specific homepage on the world web, offering general information on the country’s economy and policies and its business environment;
- Provide free consultant services, such as information and orientation on the procedures for projects approval, addresses and contacts, infrastructure available, taxes, financing rules, collaborators indication, among others; and
- Guide investment opportunities.

In that sense and following the general international guidelines, the Brazilian agency should be required to act in the direct investment attraction and promotion, articulating, integrating and mobilizing the initiatives already in existence, with the following basic functions:

- promote Brazil as an attractive country for direct investment;
- release information on the Brazilian economy and business environment, specific opportunities of direct investment in Brazil and in Mercosur to potentials investors, analysts and other opinion makers;
- promote specific opportunities for direct investment;
- direct and facilitate potentials investors' access to governmental organizations and entities;
- support, guide and render services, in national and regional ambit, to municipal, state and federal government's organizations that may be interested in attracting direct investment;
- evaluate the national environment for the direct investment and identify the principal impediments to FDI attraction, collecting subsidies to advise the federal government in the definition of policies related to foreign resources;

- follow FDI evolution, foreign investment policy and principal foreign and domestic investors' movements in the world; and
- contribute to human resources training in direct or any other investment promotion.

The Agency should be founded as a civil organization and would have non-profitable means. The Agency would have a council that would equally represent the government and the private sector. The resources to run the Agency should be provided by those two sectors. The council, composed by 10 to 16 members, would define the strategic orientation and, in addition, analyze and approve a plan of work related to the Agency's activities. The entity would have government's organizations, infrastructure agencies, state owned companies and entrepreneur associations, as for example the National Confederation of Industry - CNI, Micro and Small Enterprise Support Service - Sebrae etc., as maintainer-partners. In the Agency, private companies would be prohibited from participating individually. The Agency should develop its actions in a sustainable way, balancing revenues and expenditures.

The Agency brand would be "Invest in Brazil", for it is a brand well known by entrepreneurs and adopted by other countries, like Australia, Argentina, Norway, United Kingdom and France, which facilitates its identification by market investors.

The institution would assure that the competition for foreign capital would occur not only among emerging countries, but also among developed and developing countries. It would promote Brazil's image as a favorable country for foreign investment, supplying important information about the Brazilian economy for potential investors and opinion makers.

For that, the Agency would not limit itself to maintain a web site containing specific information about Brazil. It would have to go beyond, developing specific programs, publishing bulletins, studies and reports. It would have to promote workshops, lectures and events. It should offer advisory services and identify business opportunities. The new institution should be willing to centralize, simplify and consolidate information so that the investor could undertake his/her business in the country.

However, the Agency could not forget the need to integrate and mobilize the already existing initiatives. It should perform with ministries, secretariats, governmental organizations, regional, state and municipal development agencies, managerial entities, business centers and chambers of commerce, aiming at not overlapping the activities that are already efficiently accomplished by those institutions.

The Agency would not be responsible for formulating policies of any nature, nor should it participate directly in the negotiation of specific projects. It should also not get involved in the choice or location of projects.

Based on the study done and aware of the investors' demands, the workgroup delineated the agency model to be followed in Brazil as described in the next sections.

VI.1. Performance

The Agency, with its small team, would be structured as a net partnership and the services needed for the performance of its activities would be hired from third parties, by contracts.

In this way, it should identify and work with the government and private institutions that perform and have expertise in the direct investment area. These partnerships should be formed through agreements and other mechanisms that can be used for that purpose.

The search for data, information and direct investor support should be accomplished through a net of partners and collaborators based in Brazil and abroad. The Agency should take advantage of the governmental assets already existent that can be used to attract and promote direct investment.

In Brazil, those partnerships would be held with collaborators as:

- state and municipal development and investment promotion agencies;
- international centers of business;
- Focal Points of the System of Investment Promotion and Transfer of Technology for Companies - SIPRI, linked to the Ministry of Foreign Affairs – MRE. This system is formed by a group of institutions that acts to identify and popularize investment opportunities in Brazil. These investments are preferably addressed to small and medium size companies;
- entrepreneurs associations;
- international chambers of trade; and
- development banks and agencies to promote development.

Multilateral and bilateral agencies, national and international banks and consulting companies will be able to collaborate with the Agency, as they could be hired to do specific jobs.

Abroad, the Agency would have the support of the Ministry of Foreign Affairs, through its embassies and consulates, and of the Bank of Brazil, through its branches overseas.

VI.2. Main activities

The Agency's basic activities could be subdivided into two groups: those of permanent character and those of temporary character, that would be held as a consequence of specific demands.

The activities of permanent character would be those more generic and those related to investment attraction in structured projects constant in the federal government's plans and in other projects of interest for the national development.

The release of information about the Brazilian economy and business environment, as well as the promotion of the image of Brazil as an appropriate country for the direct investment, would be characterized as activities of general character developed through a specific web site or through questions and answers.

The activities related to structured projects and other projects of interest to national development refer to the promotion of the investment opportunities generated by those enterprises and are also information of general character. To do such promotion, the Agency should use means such as advertising, posting information to sectors that may be interested in the enterprise, doing road shows, creating specific homepages on the project and investment opportunities and, finally, tailoring to investors' specific requirements. The contribution of the Agency's maintainer-partners would be used to finance those permanent activities.

The required activities would be those that come from a specific economic sector, managerial entities or organizations of the three governmental levels and fit with the Agency's goal. The promotion of required activities would be done in the same way as permanent activities. Those who require these activities would finance them. The work’s comprehensiveness would be negotiated individually. With individual negotiations it would become possible to optimize the actions that should be adopted in accordance with other institutions.

Again, it is important to remember that, to keep impartiality, the Agency should not participate in the negotiation among the parts. It would be under the responsibility of the governmental organization or the managerial entity directly interested in the deal. The Agency’s attribution would be to promote the business opportunity and give support to potential investors, as well as to prepare the parts for the negotiation.

VI.3. Products and services

The products and services to be offered by the Agency would include those related to the promotion, information, advisory and strategic activities.

1. Promotion

1.1. Marketing of Brazil as an appropriate country for the allocation of direct investment.

1.2. Marketing of investment opportunities in projects of the government's plans and in others of national interest, including:

- Analysis of the domestic and foreign potential investor;
- Comparative analysis of similar investments domestically and abroad; and
- Promotion of seminars, road shows and specific missions to release the investment opportunity.

2. Information

2.1. The agency should keep a specific web site that would work as an access portal for all governmental homepages and entities of the private sector who would be interested in the activities of attraction and promotion of direct investments. Those web sites might contain basic information of investor's interest, for instance:

- What justifies investments in Brazil;
- Characteristics of the market, exchange and foreign trade policies, taxes, incentives and other general data on national policies;
- Sources of domestic resources, as financing possibilities and capital market performance;
- Legislation environmental protection, competition defense and consumer defense;
- Country's direct investment flow, privatization process and main transnational companies already installed in Brazil;
- Multilateral and bilateral treaties in which Brazil takes part, especially those related to foreign capital entrance and taxation,;
- Mercosur, Andean Community and other markets in which Brazil participates; and
- Addresses, contacts, links, e-mail etc.

2.2. Creation and maintenance of newspapers and reports, containing basic information on Brazil according to investors' expectations, as for example the annual reports already elaborated by private companies.

2.3. Elaboration on and distribution of periodic reports containing innovations and opportunities for investment in Brazil.

2.4. Creation of specific homepages for specific projects, in order to release the basic information that investors would need to develop evaluations on a project, such as:

- Project’s features and available infrastructure;
- General data of the location where the project would be installed;
- General data on the local and domestic market;
- Readiness of raw materials, human resources and other necessary inputs to the enterprise;
- Environmental legislation; and
- Addresses, contacts etc.

3. Advisory

3.1. Answer and orientation to received questions.

3.2. Information and orientation on procedures for projects’ approval.

3.3. Information and orientation on taxes, guidelines for consumer's defense and competition and treatment given to foreign capital.

3.4. Aid in the relationship with governmental organizations and private entities, addressing the interested ones to the correct places.

3.5. Indication of potential collaborators, of well-known competence and good reputation, as consulting companies, accountants and lawyers.

4. Strategic activities

4.1. Follow the evolution of the FDI in the world, as well as the policies and strategies adopted by other countries for the attraction of those resources.

4.2. Follow the evolution and movement of transnational companies;

4.3. Follow the decisions and foreign investors' main movements and their perceptions related to Brazil.

4.4. Advise the federal government in the definition of policies for investment attraction based in the domestic and foreign environment evaluation and in the identification of principal barriers to the entrance of FDI in Brazil.

VI.4. Economic and financial support and structure

There would be two main groups of resources to support the Agency's activities.

The first source would be the money coming from the quotas paid by the Agency's maintainer-partners that should be used to support permanent activities. The value of the quotas would be fixed based on the work plan and the respective budget.

The second group of resources to support the required activities would be from the governmental organization or entity interested in the service. The price should be negotiated case by case. The required activities should be auto-sustained since resources of the permanent activities could not be allocated to subsidize those accomplished under the requirement.

The minimum functional structure necessary to run the Agency would basically require a general director, advised by three more executives; six technical professionals; and four administrative professionals.

As can be observed, an important stride was already taken by the Brazilian government in the sense of getting a better approach to the domestic and foreign investor. It is expected that until the end of this year, the Agency will be fully operating and providing the investor with services necessary to facilitate the correct evaluation of the enterprises existent in Brazil.

VII. Conclusion

Although the implementation of an investor relations program in the private sector or at the governmental level may seem to be a difficult issue, the obstacles and resistance that may exist do not make the investor relations activity an impossible task. The main difficulty, indeed, lays in the need for a growing creativity in the process, in the means to release information and in marketing the enterprise to promote investments.

In that context, a series of standardized procedures and orientations must be implemented in order to offer a better assistance to current and potential investors.

In a globalized world, the information flow is so intense that the financial market has to analyze it more rapidly, in order to make the best investment decision since the capital flow is equally intense.

The investor relations activity, in that way, may be the tool to facilitate the correct interpretation of an enterprise's available data. The market will be able to better evaluate the public companies and the companies that want to go on an initial public offering through the investor relations activity.

In addition, the development of capital markets requires a good flow of reliable information, in order to bring, to that market, the investment it needs. A well developed capital market is one of the main goals of emerging countries, and the investor relation activity plays an important role in the process of helping develop it.

Despite the fact that Brazil's capital market is not that well developed – the country has 1,016 public companies registered in the Brazilian Security and Exchange Commission - SEC and an average daily volume of 400 million shares being negotiated at Bolsa de Valores de São Paulo - BOVESPA, meaning an amount of about US$ 4 million of trading. In the New York Stock Exchange there are 3,025 companies listed with an average daily volume of 1 billion shares, meaning about US$ 45 billion of trading – the activity is increasing each day, since companies are recognizing the importance of information to raise capital to finance their projects.

Analyst's associations, like the Brazilian Association of Capital Market Analysts - ABAMEC, and other institutions, like IBRI, play an important role in the investor relation activity, because they can bring into the discussion a lot of issues related to capital markets, such as other countries experiences and what is needed to enhance that market, in addition to the enterprise's profitability.

At the governmental level, the activity can be seen in the same way, since it will promote the investment opportunities that investors can have in the country and prove the importance of the investment promotion activity.

In order to grow, countries have to make long term investments. However, some times they do not have enough capital to do so. As a result, they need to bring resources from abroad to finance the necessary investments.

Nevertheless, investors could not address their money to countries that they do not know very well and where economics and business policies, as well as the political environment, are not well known.

One may say that there are a lot of institutions and the media to release information about a country and its investment opportunities. Certainly, they exist; however, what matters is the need for means to coordinate efforts, release information and provide services in a standardized pattern, in order to facilitate the investment decision and, when the decision is made, the process of investing money.

It was because of that and to deal better with foreign and domestic investors that the Brazilian government decided to create the Brazilian Investment Promotion Agency, an institution that will be known around the world as “Invest in Brazil”.

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