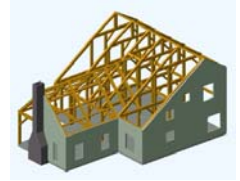


Century Homes expands in UK

Century Homes, the timber frame home manufacturers, is **expanding** in the UK market by taking over TFS, a company in Newcastle in the north of England. The new factory has an existing staff of forty, manufactures a wide range of timber-framed buildings and has a well-established customer base.

Century Homes already has a factory in Wales and a sales office in London. The company says that the new purchase "is ideally located to serve both the English and Scottish markets."



Jaguar confirms cut in production

Jaguar Cars has confirmed it is to reduce production at its three UK plants due to poor sales in the US.

The Ford-owned luxury carmaker will now make 15,000, or 11% fewer vehicles than originally planned between now and the end of the year.

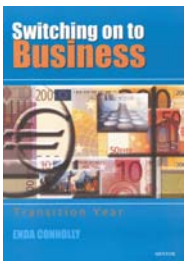


Jaguar sells more than half of all its cars in the US, where its British style has long been popular. However, Jaguar has recently been hit by strong **competition** from other luxury car brands, so much so that **sales** were 24% lower this year than last year. The weakness of the **dollar** against **sterling** has also not helped the company when trying to **export** to the USA.

"Cutting **production** is a prudent move that will enable us to bounce out our stocks, particularly in the US market, where our performance has been adversely impacted by **exchange rates** and the increasingly competitive environment among luxury **brands**," said a Jaguar spokesman.

Jaguar said however that none of its 8,000 manufacturing staff would lose their jobs, but their working hours would have to be cut. The company have said it will move to a four-day week to facilitate the cuts required.

1. What are the possible advantages to Century Homes of expanding into the UK market?
2. Explain why the weakness of the dollar against sterling would make British exports to the USA, such as Jaguar cars, more expensive.
3. What do you think would be the reaction of Century Homes' staff in Ireland to the above news?
4. What do you think would be reaction of Jaguar staff to the news outlined above?



Rich countries woo highly skilled migrants

Rich countries are increasingly competing to recruit highly skilled immigrants to meet labour **supply** shortages in key industries like information and communications technologies (ICT). But are poor countries losing out?

Much attention - especially in Ireland - has been focused on the controversy over the growing numbers of asylum seekers. Far less has been paid to another part of the migration story - the growing number of highly skilled immigrants who leave their native countries to work abroad. While many countries are trying to limit the number of asylum seekers permanently settled on their shores, they are simultaneously trying to increase the number of people with specific skills and high levels of education and skills whom they want to encourage to move there.

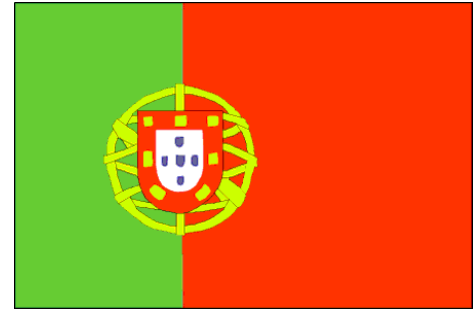
Many of the foreign workers who came into Ireland in recent years are classified as being in professional or managerial occupations. Increasing numbers of university graduates from developing countries are heading for greener pastures abroad. For example, a substantial proportion of African graduates now live outside the continent - one estimate suggests that 60% of Gambia's university graduates, 25% of graduates from Sierra Leone, and 10% from Kenya, are now US residents.

Highly skilled migration has always existed, of course. But until recently, it mainly consisted of high-powered bankers and multinational company executives who were seconded from one rich country to another. Now new sectors have become more prominent, and developing countries more important. The IT industry, especially in its Silicon Valley heartland in the US, has become dependent on Indian and Chinese software engineers. One-third of new IT start-up companies in California are now run by immigrants. India has both exported workers abroad and now increasingly capitalised on their expertise and Western-trained skills to set up outsourcing companies back home.

Secondly, the shortage of key public sector professionals in countries like Ireland has led to an explosion in the recruitment of foreign doctors and nurses. Ireland recruits nurses and doctors from developing countries like India, South Africa and the Philippines. The new workers are increasingly coming on a temporary or contingent basis, even in professions like accounting, with shorter assignments abroad and no guarantee of a return.

1. **If you were forced to leave Ireland, what country would you want to emigrate to and why?**
2. **What effect could immigrants have on (a) labour market, (b) enterprise development and (c) regional development?**

Entrepreneurial spirits rise high in Portugal



For decades during the twentieth century, tens of thousands of people emigrated from Portugal, some to search for better lives, others to escape desperate poverty. And with them went much of Portugal's entrepreneurial spirit.

Initially, the migrants were fleeing a military dictatorship that governed the country for almost half the century. Under the rule of Antonio de Oliveira Salazar, wealth was greatly concentrated in the hands of a small upper class, leaving the rest of the population without the spare cash or opportunity to ever consider large scale business propositions. After the military leaders were toppled in 1974, ending 48 years of dictatorship, ideas about profits and **free markets** were further discouraged for years by the country's left-wing rulers, who preferred a more centrally planned approach to economic development.

But now the **entrepreneurs** are back, as symbolised by the rapid rise of the popular Nando's chain of spicy chicken restaurants, offering the "official taste of Portugal 2004". Nando was founded in South Africa in 1987 when members of Portuguese families who had emigrated decided to introduce people around the world to the joys of Portuguese cuisine. Serving up one of Portugal's best-loved national dishes - Piri-Piri Chicken - there are now hundreds of Nando's restaurants in 29 countries across the world, from Australia to Israel, Pakistan to Zimbabwe.

Even more remarkable success has been enjoyed by Portugal itself during the last three decades. The transformation since the 1970s has been vast, with output per head rising from 55% of the EU average in 1975 to 71% in 2002 - not as big a rise as Ireland's, but impressive nevertheless. Portugal's **economy** has consistently been among the fastest growing in the whole of Western Europe. In 1986, the country joined the **European Union (EU)** - and during the 1990s, when **interest rates** fell from 14% to below 3%, the lower cost of borrowing fuelled large-scale investment and entrepreneurship flourished.

Portugal's **economic growth** spurt was halted in 2001 when the country, badly affected by the global **economic downturn**, was hit by a stinging **recession** that has continued ever since. Unable to spend its way out of the misery, a new government started hacking away at the country's once vast national debt. So although the past few years have been tough, with **unemployment** running stubbornly high at 6.4%, most Portuguese economists now believe the country will finally pull out of recession later this year with economic growth predicted at around 1% for 2004.

Fuelling this growth is Portugal's new entrepreneurial class. The government has reduced **corporate tax** from 30% to 25% to make life easier for both big business and for start-ups and this has sparked a fresh burst of business activity. Siscog, a Lisbon-based software company, is one of the younger generation of globally focused, outward looking Portuguese companies. In 1993, seven years after it was founded, it was the first Portuguese software company to win export contracts. It now sells its transport management software systems to railway companies in the UK, Holland, Denmark and Norway.

"The government has a strong commitment to reform, something very few have had the courage to do in the past," says Siscog co-founder Joao Pavao Martins. So although the government's struggle to meet the economic criteria set by the EU has been painful, in particular for the country's unemployed, "the business community respects and understands what the government is doing," he says. "The country is supposed to be coming out of recession this year. I think the recovery has started, but it will be slow."

"Small economies like Portugal are always more affected by global downturns, but things are now getting better," agrees economist Margarida Rosa. "The traditional lack of entrepreneurial spirit in Portugal is not surprising, but things are today much improved."

1. Distinguish between a free market and a centrally planned economy.
2. How can international trade benefit an economy, such as Portugal's?
3. Describe the effect that different government approaches have had on the Portuguese economy.