



# INTERNATIONAL DIMENSIONS

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News, Views & Comments from the World of Building Service Contractors

Submit your news for publication to Andrew Large at

[alarge@cleaningassoc.org.uk](mailto:alarge@cleaningassoc.org.uk)

## WFBC News

Welcome to the first edition of International Dimensions produced by the WFBC Secretariat team in the UK. I hope you like it and find it a useful source of insights into the business environment across the world. International Dimensions is only as good as the material you provide for it, so please email me as much interesting information as you have.

## WFBC Congress – Auckland

Arrangements for the WFBC Congress in Auckland, from February 6<sup>th</sup> to 12<sup>th</sup> 2011, are well under way. The WFBC has taken a stand at the ISSA InterClean Show in Amsterdam between 26<sup>th</sup> and 29<sup>th</sup> April 2010 and will be promoting the Congress to attendees. Please click [here](#) for more details of the Congress.

## Curitiba, Brazil

The Brazilian city Curitiba, future host of the WFBC Congress in 2012 has won the Globe Sustainable City Award 2010.

“The City of Curitiba shows maturity in their understanding of sustainable city development – both regarding policy and

implementation. The holistic approach is well framed and managed in order to create a strong and healthy community, integrating the environmental dimension with other dimensions like intellectual, cultural, economic and social.”

The jury group for the Sustainable City Award is chaired by Jan Sturesson, Partner PricewaterhouseCoopers and Global Leader of Government and Public Service in Sweden.

*“I congratulate Curitiba on the prestigious award for most sustainable city 2010. It is a very solid winner with a holistic municipal master plan integrating all strategic resources linked to innovation and future sustainability.”*  
- says Jan Sturesson

## Brussels, Eurozone

Recently published statistics from Eurostat report that unemployment across the Eurozone reached a record high of 10%; the highest level since the Euro was introduced. Inflation was also reported to have risen from 0.9% in February to 1.5% in March. The higher than anticipated increase in the inflation rate was attributed to rising energy prices. However despite the increase in the inflation



rate the European Central Bank is expected to maintain the interest rate at 1% as they endeavour to maintain inflation within its target of 2%.

The increase in unemployment will be seen as further indication that recovery from the recession will be painfully slow and precarious. However according to separate figures unemployment in Germany – the largest economy in the Eurozone; dropped from 8.1% to 8.0% between February and March representing a fall of 31,000 in the unemployment figure. This presents some hope that recovery in Germany could spark the same across the Eurozone.

#### Taipei, Taiwan

Taiwan and China moved closer towards signing a free trade agreement by the middle of the year. The agreement is anticipated to bring \$109 Billion in annual trade between the neighbours. The two nations agreed to put aside sensitive items in order to sign an Economic Cooperation Framework Agreement (ECFA). Taiwanese negotiators agreed to remove LCDs and agricultural products from the list of items eligible for early tariff reductions. China reciprocated by agreeing to avoid harming the vulnerable sectors of Taiwan's \$390 billion economy. The momentum established during the latest round of negotiations somewhat quelled the doubts of those who felt that an agreement would not be reached until late 2010; thus potentially becoming a politically divisive issue in the local election due at the end of the year. Some are concerned that the deal would result in the Chinese flooding the market with cheap goods, which could represent an ominous prelude to a political tie up with the mainland. Export-reliant Taiwan under the leadership of Beijing friendly President Ma Ying-jeou have been in negotiations with the mainland since 2008 after 6 decades of hostilities between the two neighbours. According to experts the trade agreement will enable Taiwan to get a

foothold into the lucrative Chinese market as well as receive its blessing in pursuing free trade agreements with other countries. For Beijing the agreement is part of its charm offensive strategy that is designed to culminate in the political unification of the two neighbours.

#### Durham, USA

According to a study undertaken by Duke University, the infection rates of Clostridium difficile – aka C diff are rapidly increasing. The superbug C diff is a multi-drug resistant bacterium like MRSA. Unlike its better known counterpart it infects only the digestive tract, causing diarrhoea and in some cases life threatening inflammation of the colon. The C diff is also capable of living on surfaces for up to five months and is resistant to alcohol based cleaners. According to the study, infection rates of C Diff are overtaking those of MRSA in county hospitals. Nationwide the number of hospital discharges with C diff infections increased by 74% between 1993 to 2001, reaching a total of 148,900 cases. Between 2001-2005 the number of cases nearly doubled to 301,200. Researchers also analysed infection rates across 28 hospitals in the south of the country. They discovered 847 cases of the C diff infections; representing a rate 25% higher than MRSA infections. C diff is normally treated with one of two antibiotics but relapses are common. An infected individual may not exhibit any symptoms until several months afterward. The infection usually develops after a course of antibiotics and is spread through spores found in faeces. The standard procedures used to combat the spread of MRSA are being shown to be ineffective against C diff, which is why some hospitals have developed special protocols such as only using bleach – the only chemical capable of killing the spores and initiating daily cleans of infected patient rooms as opposed to only cleaning a room after a patients discharge. Additionally any patient with diarrhoea is immediately put under contact conditions as an extra precaution. As



one infection control coordinator put it 'To me it is a more serious infection. MRSA gets all the publicity...You have to be constantly vigilant'

#### Seoul, Korea

The 2010 International Trade Show for Building Cleaning, Management and Services (Clean Korea 2010) will take place in Seoul from 24<sup>th</sup> November to 26<sup>th</sup> November 2010. The show is supported by a wide range of organisations in Korea and from across the world. It is organised by WFBS member the Korea Association of Building Management. Please go to [www.cleanfair.com](http://www.cleanfair.com) for more details.

#### Copenhagen, Denmark

76 nations have submitted their pledges to reduce Greenhouse emissions by 2020 following the Climate Change Conference in Copenhagen last year. The countries altogether account for 80% of the World emissions. Some 41 industrialised countries have formally communicated their economy wide targets to the Secretariat of the UN Framework Convention on Climate Change. 35 developing nations have communicated their intentions to undertake the appropriate mitigation actions they will take provided they receive the appropriate support in terms of finance and technology. The next round of negotiations is due to be held in Bonn – Germany in the month of April which will be followed by a two week negotiating round also to be held in Bonn. The sessions in Bonn will be used to advance negotiations in proving short and long term finance in providing assistance for adaptation and mitigation. The Bonn meetings will also serve as a prelude to the conference due to take place later this year in Mexico, therefore the outcome of the Bonn sessions will undoubtedly influence the outcome of the Mexico conference.

#### Brasilia, Brazil

Brazil's industrial output expanded at its fastest pace in four months prompting speculating that the Central Bank will soon raise interest rates to reign in on rising inflation levels. Output rose by 1.5% from January to February while production increased 18.4% over the course of the year – the second fastest rate of growth on record. However inflation rose to 4.83% pushing it above the Central Bank target of 4.5%. Experts speculate that the SELIC rate will increase to 0.75% in April based on predictions that average prices will increase by 5.2% in 2010 and by 4.9% in 2011. Experts also indicated that the cost of reigning in prices may be significant. In March policy makers convened a meeting to confirm that the inflation forecast was 'markedly' above target. The Bank at that meeting agreed to maintain interest rates at the record low of 8.75% for the fifth straight meeting. However with the \$1.6 trillion Brazilian economy anticipated to grow 5.5% an increase in the interest rate is almost certain as the economy looks to catch its breath after sprinting forth with rapid economic expansion over the last few years.

#### Alexandria, USA

The 4<sup>th</sup> Annual Cleaning Products Conference was announced recently by conference organisers IntertechPira. The conference is scheduled to take place in November this year in Alexandria VA. The main focus of the conference will be on formulation, innovation and regulation and their effects on the cleaning products industry. Christine Groff, conference director at IntertechPira commented that 'Coming together yearly is particularly important for the cleaning products industry as they need to balance consumer desires and safety with changing requirements from US and International Governments in order to be successful'. Christine also commented that 'building on last year's program the conference will



examine the new trends for the green cleaning industry and what the future holds.' The conference will be chaired by Brian Sansioni, Vice President of Communication and Membership at The Soap Detergent Association and will feature approximately 18 expert presentations assessing market trends, technical development and application. The conference will also consist of a series of question and answer sessions as well as panel discussions.

### Canberra, Australia

The Australian Council of Trade Unions (ACTU) called for a catch up pay rise this year for the lowest earners. The minimum wage remained static at \$543.78 a week in 2009, making it the first freeze in 15 years. The Former Australian Fair Pay Commission rejected requests from Union leaders to increase the minimum wage by \$21 a week last July. Now the ACTU will request that the new industrial tribunal Fair Work Australia to award a catch up pay rise for the lowest paid, who work in cleaning, retail and hotel sectors. Major employer groups in Australia are planning to release their minimum wage proposals to the industrial tribunal. Fair Work Australia will announce their decision in July.

### Wellington, New Zealand

New Zealand witnessed a record level rise in the unemployment rate at 7.3% in the last three months leading to December. The rise in the unemployment figure was attributed to the increase workforce entrants in the labour market as well as increasing numbers of New Zealanders returning home as economic conditions deteriorated abroad in countries such as the US and UK. However the Government believes the figure could have been far higher without its stimulus package of 2,300 jobs through increased infrastructure investment, while the country's public service lifted full time employment numbers by 2.5% last June. In other developments the New Zealand dollar depreciated by a full

percentage point against the major currencies after an IMF report indicated that the dollar had been previously overvalued by as much as 25%.

### Brussels, Eurozone

As Europe grapples with high unemployment the German economy witnesses a drop in unemployment amid an increase in unit labour costs. Initially it was feared that Germany would follow the trend across the Eurozone and report an increase in the unemployment figure. Much to the pleasant surprise of observers the unemployment figure for March settled at 3.568 million jobless, 75,000 fewer than in February and 18,000 fewer than March of the previous year. However this drop in unemployment has been accompanied by 4.1% spike in the unit labour costs. The rise in labour costs has been attributed to the country's short-time work program. The program was instituted in order to stem the tide of massive layoffs during the recession. The Government undertook to support 2/3<sup>rd</sup>s of the worker's salaries, while employers paid for the remaining 1/3<sup>rd</sup> for workers no longer labouring on the assembly lines. This resulted in a nominal loss in productivity coupled with a rise in labour costs. There were fears that with the termination of the short-time work program, the economy would witness a sharp rise in the unemployment figure. However that has not been the case and therefore the rise in labour costs can be described as a temporary statistical blip caused by the program. Despite the increase the rise in relative terms was less than in Europe in the fourth quarter of the previous year, with labour costs in Germany rising by 1.2% compared to 2.4% across Europe and 2.2% across the Eurozone. However despite this positive development German workers continued to suffer on the wage front as the Federal Statistical Office recently announced real wages dropped a further 0.4% in 2008.



### **Buenos Aires, Argentina**

The Government of Argentina won crucial backing from the High Court as it ruled in the Government's favour to implement plans to use Central Bank reserves to service the country's debt. The Court overturned opposition efforts to prevent President Christina Fernandez de Kirchner from using \$6.6 billion to mitigate Argentina's debt crisis. Argentina has an international debt of \$15 billion dollars that matures this year and a hole in its budget ranging between \$2 billion and £7 billion. In January the Central Bank chief Martin Redrado resigned after a bitter row with the President. President Fernandez wanted to use the funds in an attempt to bolster the country's standing in the international market. However opposition politicians accuse the Government of appropriating the funds for the purposes of going on a spending spree in the run up to the Presidential elections in the following year. In December the Government issued a decree to the Central Bank to transfer funds to the Government. Mr Redrado refused to comply with the request prompting President Fernandez to dismiss him. The Court subsequently reinstated him in protest of Government policy Mr Redrado resigned from his post at the end of January. Previously the court at the behest of the opposition issued an injunction preventing President Fernandez from obtaining the funds. However with the recent decision to overturn the injunction analysts see this development as evidence of the President's commitment to repay its creditors by all means necessary. However some economists have expressed concern that appropriation of the funds and any subsequent spending could further push inflation up, which is widely expected to reach 20% in real terms this year.

### **Tokyo, Japan**

Business conditions in Japan are improving – according to the latest Tankan survey. Indications are that the economy showed

signs of improvement for the fourth successive quarter. The Tankan survey is one of the most closely watched surveys by policymakers because of its large sample and response rate of 99%. The survey measured the number of companies who stated that conditions against those that indicated otherwise. According to the survey the number of manufacturers indicating favourable conditions rose from minus 25 to minus 14 in March, while for non manufacturers it rose from minus 21 to minus 14. Overall the survey indicates a scenario of steady recovery however one that is still confined to export businesses. There is still some way to go before the Japanese economy can utilise its excess capacity. The release of the results is broadly in line with current market expectations and to quote Chiwoong Lee and Yuriko Tanaka, economists with Goldman Sachs 'Today's release is close to market expectations. Business conditions are improving but remain harsh.' The results indicate improving conditions will make it less likely that the Bank of Japan will undertake further monetary easing in order to bolster the recovery. Indications are that the Japanese economy recorded growth by 0.9% in the fourth quarter of the previous year. This has been attributed to a boost in demand for Japanese goods from China. Consequently as a result of the increase in demand and the signs of continuing economic recovery manufacturing businesses anticipate profits to rebound by as much as 49.3%, whereas for non manufacturers they anticipate a 71.1% increase. However wages declined by 0.6% in February compared to last year. It is unlikely to rise in the face of falling consumer prices, unemployment at 4.9% and continuing underutilisation of spare capacity in the economy. Observers are also concerned that investment is expected to decline by 0.4% compared to the previous year. Many believe that economic growth can only be sustained with an increase in investment



### **The Hague, Netherlands**

According to figures published by Eurostat the Netherlands currently boasts an unemployment rate of 4%, prompting suggestions that contracting in the Netherlands may become an attractive option as workers from other European nations – dissatisfied with the pace of economic recovery in their own countries may seek to immigrate to the Netherlands. According to the Netherlands Foreign Investment Agency 3.1 billion euros were invested in the economy by foreign companies resulted in 3000 new jobs being created. In particular workers in the IT sector may find work employment opportunities in the Netherlands an attractive option. However contracting expert Louis Paes warned that recruiters looking for employees to work abroad must partner with umbrella companies that know the country well. He also stated that many employees run the risk of being fined if they do not pay the appropriate taxes and social security costs appropriately. He also warned prospective contractors to be wary of umbrella companies that charge surprisingly low rates as they may later add charges on top.

### **Brussels, Eurozone**

SME across Europe were given a boost when the European Parliament Legal Affairs Committee submitted proposals to allow such companies across the EU that turnover less than £865,000 pounds to opt out the requirement to file accounts annually. Companies however would still be obligated to maintain a record of all transactions and national governments would have the power to override the opt out and require their companies to continue filing. Klaus-Heiner Lehne, the German Christian Democrat European Member of Parliament explained that smaller companies' activities do not generally cross borders because they are limited to regions and localities. 'To that extent they have no cross-border impact on

the single European market, and the logical conclusion, therefore, is that they need not be bound by EU-wide internal market regulations.' If the proposal is accepted it is anticipated that 5.4 million businesses would benefit from the opt out clause.

### **London, UK**

Outsourcing specialist MITIE expressed confidence that they will meet their full year expectations following a string of recent acquisitions. The group recently published a trade update containing optimistic projections for the remainder of the year. The firm reported that they successfully acquired Dalkia Technical FM and EPS and have made an 'excellent contribution' and that the group continued to see good growth in the facilities management sector. In a recent trading statement MITIE declared that outsourcing, a core component of their strategy was changing in response to market conditions and that integrated contacts were becoming the norm. As an ongoing strategy MITIE continues to be open to securing new acquisitions alongside pursuing organic growth. The group is expected to publish its full results on 17<sup>th</sup> May 2010.

### **Montreal, Canada**

Members of the Quebec BSCA are presently in the process of negotiating the renewal of the master collective agreement that governs labour conditions in the cleaning industry. The Quebec BSCA is the representative body comprising of cleaning contractors that negotiates on their behalf with the unions. The anticipated timetable for both parties to reach an agreement is around the summer time, upon which once a deal has been agreed they will submit their agreement to the Quebec Minister for Labour requesting that the agreement be made binding on all companies and employees regardless of whether they are members of their respective bodies or not. After conducting a study of the



economic conditions of the market the Minister will agree to implement the agreement at the beginning of the New Year. The procedure is designed to ensure that workers operate in acceptable conditions and obliges companies to compete on fields other than wages.

#### Seattle, USA

Some janitors at Washington State University have indicated that their workloads have increased exponentially to the extent that they are struggling to complete their assignments. According to documents detailing shift plans the average time to clean a particular route is 9 hours and 31 minutes. This has prompted concerns that the increasing workload is preventing cleaners from completing their assignments, thus leading to increasingly unsanitary conditions in unfinished areas. Lawrence Davis associate Vice President of Facilities Operations indicated that workers are generally assigned 9 hours worth of work; however they only have 7.5 hours to complete the task. The problem of cleaners struggling to complete their task has been attributed to the hiring freeze imposed in mid 2009. In addition to budget cuts cleaning assignments have had to be reassigned and spread out amongst a smaller workforce. Consequently in order to save time on the assignments cleaning frequencies have been lowered and cleaners are no longer required to empty trashcans in classrooms and offices. Critics however have asserted that reducing frequencies and foregoing certain tasks creates more problems than it saves time.

#### London, UK

OCS has announced the appointment of Martin Gammon to the position of managing director of the leading facilities services businesses division. As head of the organisations transport division for 10 years Gammon adapted and diversified the divisions business in response to some of the aviation market's most trying circumstances, such as the 9/11 attacks. Afterwards he assumed the position of MD for The Transport and Specialist Services Division. In 2008 he was given the role of commercial director for the UK and was appointed to the UK board to manage sales, marketing, customer service and strategic development. As Gammon assumes his new position he stated that he is confident the organisation is emerging from the recession in a position of strength. He stated that 'OCS is a sleeping giant and there is everything to play for. I don't think anyone is pretending the next 12 months will be easy, but I would say in the long term we have a bright future'. Martin Gammon holds the view that the current FM market wields a vast untapped potential for every player in the sector. He cites the recent example where OCS was successfully awarded a contract with the Port of Dover, where several integrated landside operations will be outsourced to the organisation. These include operations such as mooring and freight inspection services for visiting commercial vessels.



**ALL BUILDING SERVICE CONTRACTING COMPANIES  
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THAT IS A WFBC MEMBER ARE AUTOMATICALLY  
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#### **WFBC Associate Members**

ConverPro, Inc.  
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[www.converpro.com](http://www.converpro.com)

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UK  
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[www.truvox.com](http://www.truvox.com)

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Laval, QC  
450-680-9731  
[www.woodwyant.ca](http://www.woodwyant.ca)

#### **WFBC Member Associations**

Algemene Belgische  
Schoomaakunie--Union  
Generale Belge du Nettoyage  
Brussels, Belgium  
**Hilde Engels** [ABSU.UGBN@skynet.be](mailto:ABSU.UGBN@skynet.be)

Association de Empresas de Limpieza  
Buenos Aires, Argentina  
**Norberto Peluso** [correo@limpiolux.com.ar](mailto:correo@limpiolux.com.ar)

Building Service Contractors Association of  
Australia  
Crows Nest, NSW, Australia  
[bscaansw@bscaa.asn.au](mailto:bscaansw@bscaa.asn.au)

Quebec Building Service Contractors Association,  
Inc.

Montreal, Quebec, Canada  
**Roger Gauthier** [fortier.gauthier@sympatico.ca](mailto:fortier.gauthier@sympatico.ca)

Building Service Contractors Association  
International  
Chicago, Illinois, USA  
**Maurice Desmarais** [mdesmarais@bscai.org](mailto:mdesmarais@bscai.org)

Building Service Contractors of New Zealand, Inc.  
Auckland, New Zealand  
**Marja Verkerk** [info@bsc.org.nz](mailto:info@bsc.org.nz)

Bundesinnungsverband des Gebaeudereiniger-  
Handwerks  
Bonn, Germany  
**Johannes Bungart** [RA-biv@gebaeudereiniger.de](mailto:RA-biv@gebaeudereiniger.de)

Cleaning and Support Services Association  
London, United Kingdom  
**Andrew Large** [alarge@cleaningassoc.org.uk](mailto:alarge@cleaningassoc.org.uk)

Febrac  
Brasilia, Distrito Federal, Brazil  
**Silvio Gaspar** [silviojgaspar@upsbeneficios.com.br](mailto:silviojgaspar@upsbeneficios.com.br)

Building Managers Association of the Republic of  
China  
Taipei, Taiwan  
**Kenneth Kao** [pacifico@ms37.hinet.net](mailto:pacifico@ms37.hinet.net)

Federation des Entreprises de Proprete  
Paris, France  
**Carol Sintes** [csintes@federation-proprete.com](mailto:csintes@federation-proprete.com)

Japan Building Maintenance Association  
Tokyo, Japan  
**Keizo Kozen** [kozen@j-bma.or.jp](mailto:kozen@j-bma.or.jp)

Korean Association of Sanitary Maintenance  
Seoul, Korea  
**Young Hoi Um** [kasm@kasm.or.kr](mailto:kasm@kasm.or.kr)

OSB  
Hertogenbosch, The Netherlands  
[info@osb.nl](mailto:info@osb.nl)