

Perspective

World Contracting News, Views & Comments

Submit your news for publication to Denise Anderson at danderson@bscai.org

ARGENTINA-BUENOS AIRES

Country Pays Off IMF

In an effort to gain more freedom to carry out economic policies that do not always meet the International Monetary Fund's approval, Argentina has canceled its entire \$14 billion debt to the IMF. Argentina is using almost a third of its foreign reserves to wipe out the remaining IMF debt involving funds transfers to 16 different central banks worldwide. While the country will save \$1.16 billion in interest payments, it will pay double the interest by tapping funds from international capital markets and it still has \$16 billion debt with other lenders including the World Bank and the Inter-American Development Bank.

AUSTRALIA-QUEENSLAND

Cleantec Outstanding Contribution Awards 2005

Inclean magazine reported that a highlight of the Building Service Contractors' Association of Australia Queensland division's annual dinner held in December was a presentation of the Cleantec Outstanding Contribution to the building services industry awards. "The Awards recognize outstanding individuals in the cleaning industry by their length of service, industry contribution and leadership," stated Cleantec regional sales manager Graham Staier. The Regional Queensland Winner was Rebecca Powell, a client services supervisor with Spotless, Cairns. The South East Queensland Finalist was Keith Burghuis, a contributor to the industry for more than 30 years and an active participant in industry associations. The South East Queensland Winner was Ellems Cleaning Service's Julie Milikic.

AUSTRALIA-SYDNEY

Economic Growth Expected

With the annualized growth rate of index up solidly in the last two months of 2005, economists are predicting growth in 2006 will reach three percent compared with only 2.5 percent in 2005.

The annualized growth rate of the Westpac-Melbourne Institute leading index of economic activity — which indicates the likely pace of economic activity three to nine months into the future — was 4.4% in November, above its long-term trend of 3.8%.

AUSTRALIA-WEST

Outstanding Service Award Presented

The Outstanding Service Award was presented to Mark Berry, 2005 president of Building Service Contractors Association WA by vice president Paula Squibb. The Award was engraved as follows — "Presented in recognition of your contribution to the WA Cleaning Industry in the area of Training and for your leadership, commitment and service to the Industry Association over the past two decades".

BELGIUM-BRUSSELS

Industrial Production Rises

Eurostat, the Statistical Office of the European Communities, reported industrial production rose by 2.6% in the euro-zone and by 2.1% in the EU25 in November 2005 compared to November 2004. In November 2005, and among the Member States for which data are available, industrial production rose in nineteen Member States and fell in three. The highest increases were registered in Lithuania (+14.8%), Ireland (+14.7%), Estonia (+10.5%) and Poland (+8.5%), while the only decreases were recorded in Finland (-3.4%), the United Kingdom (-2.5%) and Belgium (-1.2%).

BRAZIL-SAO PAULO

GIC To Buy In India, Brazil

The 24 year old Government of Singapore Investment Corp, (GIC) is planning to diversify from the cooling US real estate market by investing hundreds of millions of dollars in new markets like Brazil and India. The company

which manages more than US\$100 billion (HK\$775 billion) of foreign reserves, and is one of the world's top 10 real estate investment companies, owns Chicago's AT&T Corporate Center, Tokyo's Shiodome City Center, Seoul's Star Tower and Sydney's Chifley Tower and Plaza. While the US market is slowing down, luxury apartment sales in Sao Paulo jumped 76 percent in the past two years, and the net yield on office property in India is 11 percent, among the highest returns in Asia. Brazil's economy, South America's biggest, is expected to grow 4 percent in 2006 from an estimated 2.6 percent in 2005. GIC, whose portfolio comprises more than 140 assets in more than 30 countries, plans to make its first investment in Brazil this year after agreeing last year to form a US\$700 million venture with AMB Property Corp to invest in Mexico.

CANADA-OTTAWA

Government Launches Green Program

The Government of Canada is adopting the Go Green Comprehensive program to manage its office buildings in a more environmentally friendly manner. The Go Green Comprehensive program, launched in May 2005, is a national initiative administered by the Building Owners and Managers Association (BOMA Canada) designed to assess and improve the way building are managed from an environmental perspective. Among areas assessed are energy, water, indoor environment and environmental management.

CANADA-TORONTO

BSC Receives Safety Award

UNICCO Facility Services Canada Company has received a certificate of recognition from the Industrial Accident Prevention Association (IAPA). The award was accompanied by a Safety Groups participation rebate of \$35,000 from the Workplace Safety & Insurance Board (WSIB). Mike Abromeit, IAPA executive director of operations, and Ron Lovelock, WSIB director of prevention services, made the presentations, which were accepted on behalf of UNICCO by Alan Boucher, director, human resources & safety, and Cheryl Lochnan, human resources & safety administrator. The IAPA, a not-for-profit organization operating in the Province of Ontario, represents approximately 47,000 member firms and more than 1.5 million workers. Founded in 1917, IAPA is Canada's largest health and safety organization and it has taken a leading role in the prevention of workplace injury and illness, as well as working for improvement in the health and safety performance of member firms. The WSIB oversees Ontario's workplace safety education and training system. It provides disability benefits, monitors the quality of health care, and assists workers' safe return to work. UNICCO was recognized for its active participation in and support of IAPA Safety Group programs and goals. UNICCO has

contributed its safety expertise to the organization through participation in committees, meetings and training programs. Most recently, Boucher contributed an article on safety for the IAPA's Workplace Health and Safety Resource Guide and Catalogue.

CHINA-HONG KONG

Rents Increasing

Hong Kong has become the third most expensive business location in the world and has seen a rent increase of 150 percent in the past two years as a result of a rise in demand and a lack of good quality space, a reflection of its role as a gateway to the fast-growing Chinese economy. The cost of office space in Hong Kong, at Dollars 15,000 a workspace, ranks with the world's priciest locations: Washington DC at Dollars 15,370 and London's West End at Dollars 18,740. India has also seen a rise in the cost of office space with its two leading cities, New Delhi, and Mumbai having rent increases of 29 percent and 27 percent respectively.

CHINA-TAICHUNG

Over 400 Vie For Janitor Slots

447 men and women, vied for 200 spots as contract janitors, who have to wait for "vacancies" in Taichung's street-cleaning force during the next three years. The applicants had to be interviewed and run 100 meters, each carrying a 25-kilogram sandbag, to qualify. Many of the applicants, ranging from 21 to 59, of which 183 were female, were college graduates, some with advanced degrees.

FRANCE-PARIS

Unemployment Rate Falls

A recent IMF country report noted the recovery created fewer jobs than usual, and unemployment continued to rise until recently, as enterprises favored increasing hours worked per employee. To some extent, this mirrors the resilience of employment during the downswing, reflecting past trend-wage moderation and uncertainty about the strength of the outlook, factors affecting other countries similarly. However, firms have been reluctant to hire as minimum wage increases continue to outstrip the growth of low-skilled workers' productivity, while proposals to raise the flexibility of hiring and firing took time to materialize. In addition, the reversal of some of the workweek restrictions, while beneficial in the long run, favors increasing hours over adding workers in the short run. Unemployment appears to have crested in May 2005 at slightly more than 10 percent of the labor force, one of the highest levels in the EU but well below historical peaks. Its increase affected

disproportionally the young and the low-skilled. It is too early to draw firm conclusions from the moderate fall in the unemployment rate in June–July 2005, as salaried employment stagnated in the second quarter.

IRELAND-ULSTER

Eastern Europeans Doing Domestic Work

A new survey has revealed 84% of people in Northern Ireland say they would never become a cleaner, despite the fact that demand for domestic cleaners is increasing. The void is being filled by Eastern European immigrants who are snapping up the cleaning jobs Ulster people don't want to do.

JAPAN-EHIME

Foreign Labor Plays Role

Foreign labor has become very valuable for industries in Japan, as foreign workers jump at the chance to perform in jobs that young Japanese either shun or cannot handle. As a result, the government created special zones for foreign trainees in 2003, allowing companies to save on personnel costs and remain competitive with overseas rivals. In return, the foreign trainees gain valuable work experience and savings they can take home when they return to their countries. Many regions troubled by a lack of workers are increasingly showing interest in the special zones. The Toyo district of Ehime, as the first special zone, received approval for small businesses with up to 50 employees to hire six foreign trainees, twice the normal quota. As of the end of 2004, out of about 800,000 foreign workers nationwide, including some working illegally, about 120,000 were trainees or in work experience programs, a 16 percent increase over 2003. Of those, roughly 70 percent were Chinese. But there are also problems. Currently, non-Japanese can be employed for manual labor jobs only under the training and practical work experience system. Many laborers are overstaying their visas and working in the country illegally. There has also been a rise in the reports of abuse by employers of the foreign workers. The Ministry of Health, Labor and Welfare and the Justice Ministry are considering revising the system, with the introduction of a new status of residence for trainees aimed at protecting them.

NEW ZEALAND-AUCKLAND

Inflation Is Down

According to Statistics New Zealand, inflation eased from 3.4 percent in the September year to 3.2 percent in December, but still remained outside the Reserve Bank's 1-3 percent target. The Consumer Price Index (CPI) in the December quarter rose 0.7 percent — below the 0.8

percent average forecast of economists and below the Reserve Bank's (RB) prediction of 0.9 percent. Some are predicting that the news, coupled with a recent survey which showed a collapse in business confidence to a 20 year low and indicating risks of an economic recession, will increase pressure on the Reserve Bank to cut rates rather than raise or just hold them.

NEW ZEALAND-WAIKATO

Baby Injured By Acid

A nine-month-old baby girl was admitted to Waikato Hospital in stable condition after being sprayed in the face and eyes with acid by a toddler playing on a dairy farm. Fortunately, the baby's sight did not seem to have been damaged. Two types of acids are used on dairy farms for cleaning stainless steel vats and pipelines: highly corrosive inorganic products usually containing sulphuric acid and phosphoric acid; and organic acid detergents such as glycolic acid.

SWEDEN-STOCKHOLM

Strong Upswing In Progress

Statistics Sweden reports that strongly rising household consumption, exports and investment, together with decreased ill health, are lifting GDP, employment and general government finances. With contributions from all areas of the Swedish economy, GDP will increase by 3.6 percent in 2006 and 3.1 percent in 2007. The labor market will pick up, and employment will increase by almost 100,000 persons in the next two years. The labor market has picked up again after an extended cyclical decline of 3.5 years. This change is evident not only from the latest employment statistics, but also from the increasing number of newly reported vacancies, fewer layoff notices and expansionary employment plans in several service sectors and in construction. In 2006 employment is forecast to rise by a full 1.3 percent. The unemployment rate will drop from 5.9 percent in 2005 to 4.4 percent in 2007, owing to a stronger economy and expansion of labor market programs. The latter are expected to reduce the unemployment rate by 0.5 percentage point. The regular employment rate in age group 20-64 will be 78.2 percent in 2007, short of Parliament's 80-percent target by 1.8 percent, or 97 000 persons.

SOUTH KOREA-SEOUL

Companies Optimistic, Plan To Invest

A recent government survey of 200 top companies across 24 sectors, finds that they are looking to increase their spending this year. Investment in plants and facilities is expected to rise 16 percent to 50.2 tril-

lion won, investment by non-manufacturing firms will reach 13.8 trillion won, up 26.3 percent from 2005 and facility investment by manufacturers, will rise 12.7 trillion won to 36.4 trillion won. The investment is bolstered by a pick-up in domestic demand and expectations of a broad economic recovery. According to the Bank of Korea said the economy, spurred on by tax cuts and interest rates at near record lows, is forecast to grow 5 percent this year, the fastest since 2002, after a 3.9 percent rise last year. Another survey by the Federation of Korean Industries, which represents the nation's biggest industrial groups, reported a majority of companies are optimistic about business conditions during the next six months. Industrial production saw its biggest gain in more than six years in November, and factory output gained a seasonally adjusted 5 percent from October, after increasing a revised 1.1 percent the previous month.

THE NETHERLANDS-GELDERLAND

Landscaping Business Blooming

The number of landscape gardening businesses in The Netherlands increased by nearly 80 percent from 2,900 to 5,600 over the period 1995-2005. More than half of landscape gardening businesses are one-man businesses and only 800 businesses in this sector employ five persons or more. Landscape gardening businesses are mainly found in densely-populated provinces, in particular in the provinces of South Holland, Gelderland, North Holland and North Brabant, which each account for approximately 15 percent of businesses. With an average of 43 businesses per 100 thousand inhabitants, the rate was highest in Gelderland and Utrecht. The lowest rate was found in the provinces of Limburg and Groningen: 24 landscape gardening businesses per 100 thousand inhabitants.

UK-LONDON

OCS Wins Prestigious JP Morgan Award

OCS Group has become the inaugural winner of the 'Overall Excellence' award following a further Commendation for its Social Responsibility performance. The award follows on from the successful 2004 awards, when OCS was commended for both Business Success & Family Governance sectors. OCS Group is the first company to be nominated and commended for best practice in all three categories and the Overall Excellence award is a tremendous achievement that recognizes the contribution of everyone involved throughout the organization. OCS chief executive Chris Cracknell, a 4th generation family member of the company, accepted the award and said: "The success of OCS as a family business revolves around pride and honor, by having fun and acknowledging the part that had been played by everyone involved. It is particularly rewarding to be recognized across all 3

categories and I accept the Award as a tribute to all our staff, both family and non family members." The stated aim of the Family Business Honors Program is "to recognize and acclaim the contribution made by family firms to the economy and society as a whole, to identify the best practices within family firms which enable them to overcome challenges and outperform and to disseminate that knowledge amongst family firms and the wider business community." Nominations are made by professional organizations and are subject to rigorous independent evaluation led by Professor Nigel Nicholson, a team from the London Business School and Grant Gordon from the Institute of Family Business. This year's Social Responsibility category was assessed against the following criteria: Support for charitable giving and philanthropic activity; Support for the involvement of family members and employees in activities for the benefit of the community; Commitment to a set of communicated values; Uphold the highest ethical and moral standards; Maintain relationships of trust and mutual respect with suppliers and other business partners.



UK-LONDON

Rents Increase In London

The head of a central London leasing agency has predicted double-digit rental increases in central London this year as new figures showed a fall in available space during 2005. Availability has plummeted to 17.5m sq ft from 26.3m in January last year, with demand coming from the financial and professional services sectors. Some of the lease deals in the West End, which had 4m sq ft of take-up in 2005 compared with just 3.2m sq ft in 2004, were 160,000 sq ft taken at 55 Baker Street by BDO Stoy Hayward, the accountants, 94,000 sq ft at 1 Hanover Square, by Kaupthing Bank, 65,00 sq ft at 16 Palace Street by 3i and 64,000 sq ft at 45-50 Berkeley Street by Alliance Capital. Deals in the City which had leases of 5.8m sq ft compared with 5.2m the previous year, include Standard Chartered, which took 227,000 sq ft at 35 Basinghall and Deloitte occupying 224,000 sq ft at New Street Square.

UK-LONDON

Heathrow Has Highest Rent

Industrial rents near Heathrow airport are about Euros 214 (Pounds 145) per sq. meter a year, making the area the most expensive place in the world to rent industrial property. The supply of available space around the airport has slipped from

2,003,417 ft. (115 buildings) in May 2005 to 1,764,545 ft. (101 buildings) currently - a fall of 11.9 percent. Dublin has the next most expensive industrial space at Euros 187.50, Hong Kong is Euros 170.49, New York is Euros 158 and Tokyo is Euros 143.81 per square meter a year.

UK-LONDON

MITIE Sees Profits Jump

MITIE, the British cleaning, catering and engineering services group, said it was on course to meet its full-year targets for 2005 after turning in a 7.8 percent increase in half-year profits. The firm saw profits jump to £23.4 million in the six months to September 30, compared to £21.7m in the same period the previous year. Revenues were £449.2m, an increase of 14.5 percent over last year. The company said that its annual order book was already 92 percent full at the end of the reporting period.

UK-SCOTLAND

Office Space Demand Is Up

In its latest report, Cushman & Wakefield, Healey & Baker notes that demand for office space in Glasgow is starting to outstrip supply with office space falling by 22 percent over last year. And rents in the best available space, have risen by 6.5 percent. Statistics showed Glasgow was outperforming big European rivals on a range of key economic tests.

US-WASHINGTON

Recycling Now Mandatory

A Seattle law passed in 2005 which requires businesses and residents to recycle paper and cardboard, will be enforced in 2006. City inspectors and waste haulers will eyeball the contents of garbage containers. If more than 10 percent of the contents appears to be filled with recyclable materials, inspectors will give businesses and apartment and condo buildings a warning. After three warnings, they'll get a \$50 fine. Single-family homes instead of a fine will not have their garbage picked up for a week. The new law is meant to boost the city's recycling rate, currently at less than 40 percent - far short of the city's goal of 60 percent by 2010 - and which could save as much as \$2 million a year. In 2005 inspectors found roughly one in 10 trash cans contained an illegal amount of paper and cardboard but the city's latest analysis showed a 5 percent increase in residential recycling and a 5 percent decrease in the amount of trash Seattle haulers picked up from

businesses. Recycling will add a little to the operating costs of a building, possibly adding to janitorial bills by 10 percent.

CORPORATE MEMBER NEWS

Ecolab

Douglas M. Baker, the president and chief executive officer of Ecolab, will take over as chairman when Allan L. Schuman, 71, retires from the Ecolab board at the company's May 12, 2006 annual shareholders' meeting. He will be named the honorary title of chairman emeritus upon his retirement. Schuman, 71, joined the company in 1957. After rising through the ranks, Schuman became chief executive officer in 1995 and was elected to the additional post as Ecolab's chairman in 2000. Under his leadership as CEO, the company's annual sales tripled, earnings per share grew at a 15% compound growth rate, and Ecolab's market capitalization quintupled. Baker, 47, joined Ecolab in 1989 and has served as president and chief executive officer since 2004.

JohnsonDiversey

Edward F. Lonergan will become president and chief executive officer of JohnsonDiversey Inc. on February 13th, 2006, succeeding Greg Lawton who will be retiring. Lonergan previously spent four years as president of the European region for The Gillette Company where he was directly accountable for more than \$3.8 billion in sales revenue. Prior to that he spent 21 years with The Procter & Gamble Company. Mr. Lonergan graduated from Union College in New York in 1981 with a BA in political science and is married with two adult children.

UPCOMING EVENTS

BSCAI Annual Convention and Trade Show

**Nashville, Tennessee
March 24-28, 2006**

Visit the BSCAI website at www.bscai.org for more information or call 703-359-7090.

16th Congress of the World Federation of Building Service Contractors

**Seoul, Korea
October 16-19, 2006**

Visit the WFBC website at www.wfbc.org and the website at www.kasmo.or.kr for more information.



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