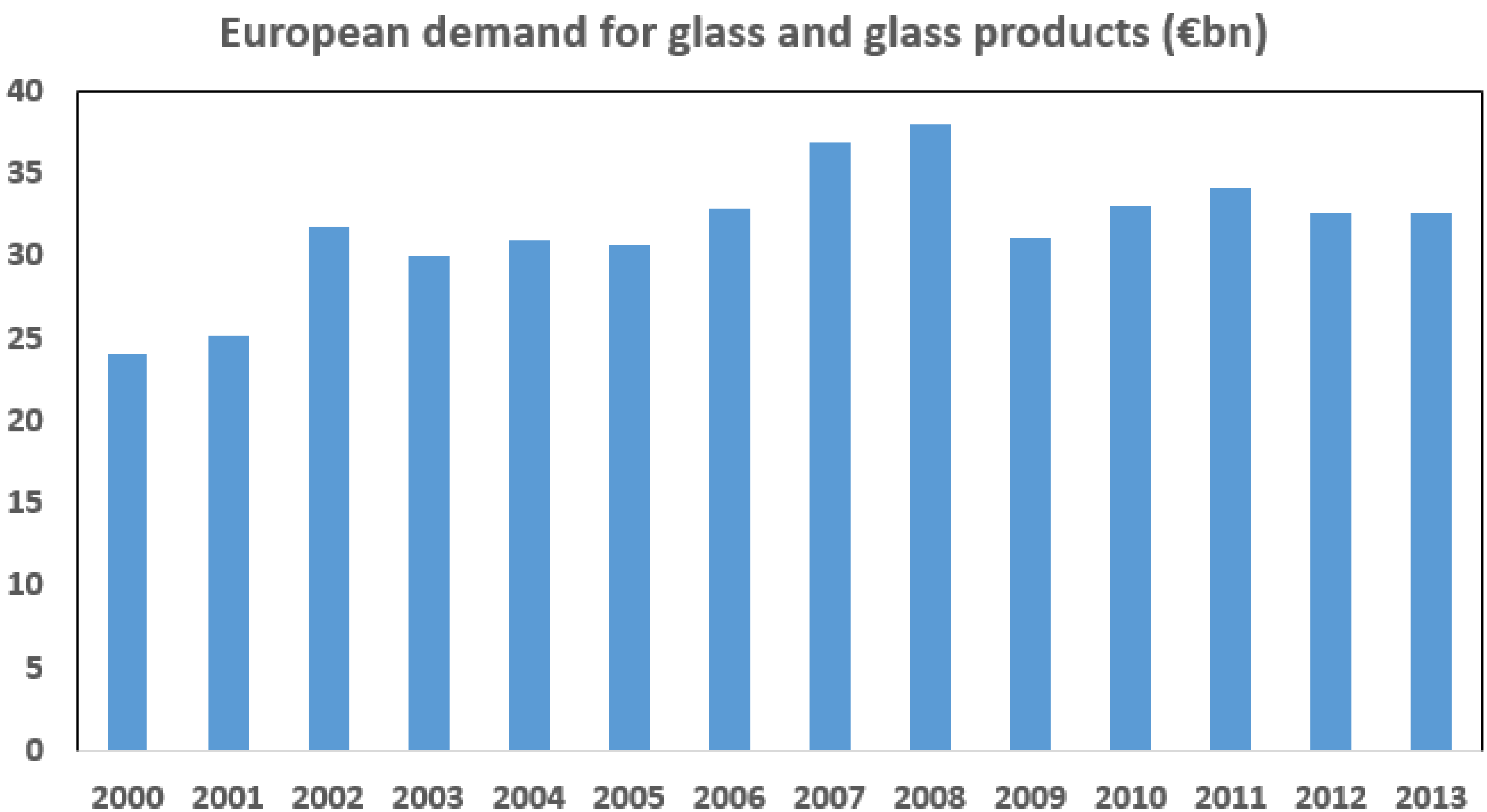
Overview of the Glass sector

EESC - CCMI hearing: An Industrial Policy for the European Glass Sector

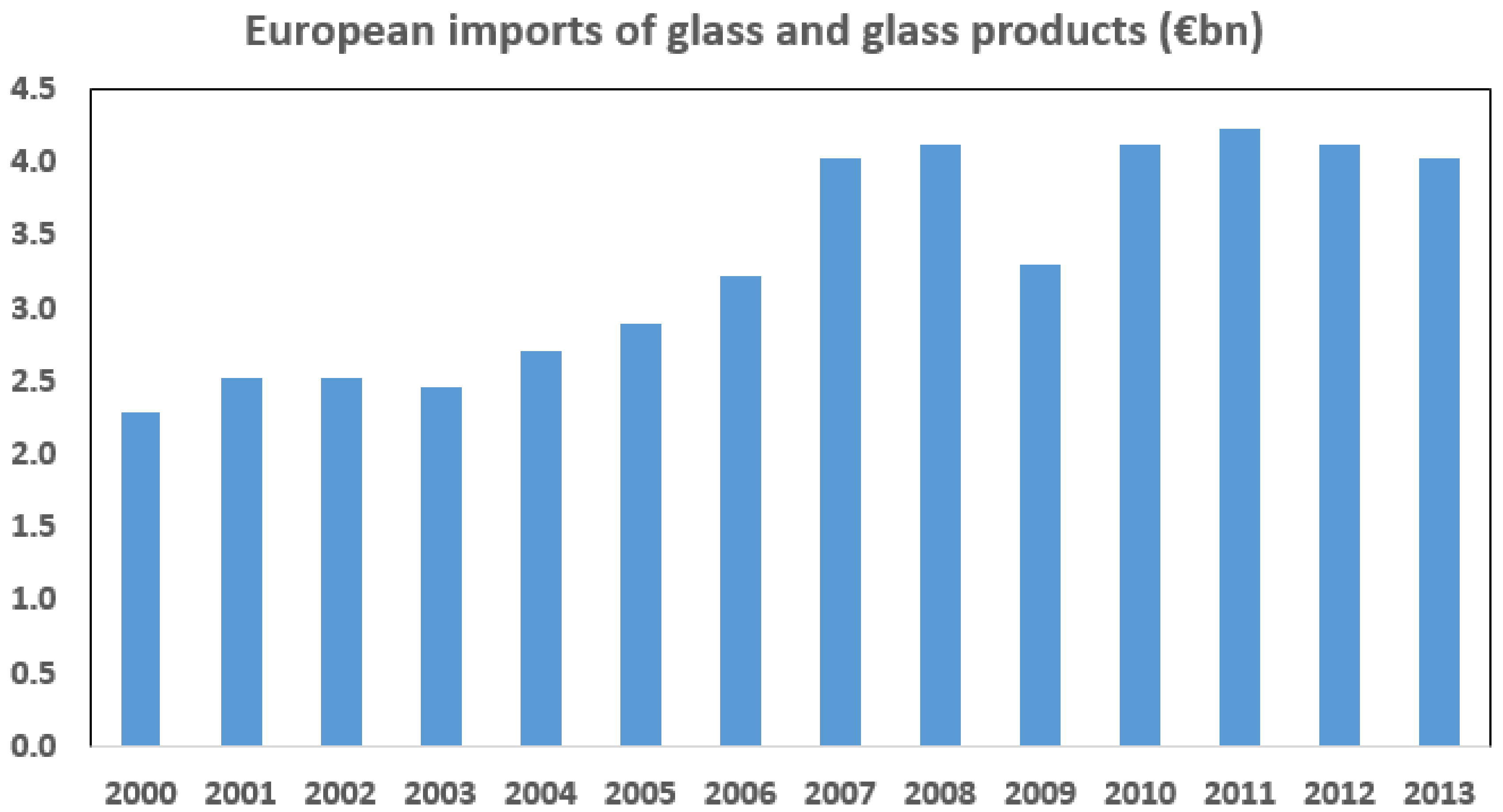
Graham Hay
Cambridge Econometrics

22nd October 2014

European demand for glass is static



But imports have surged



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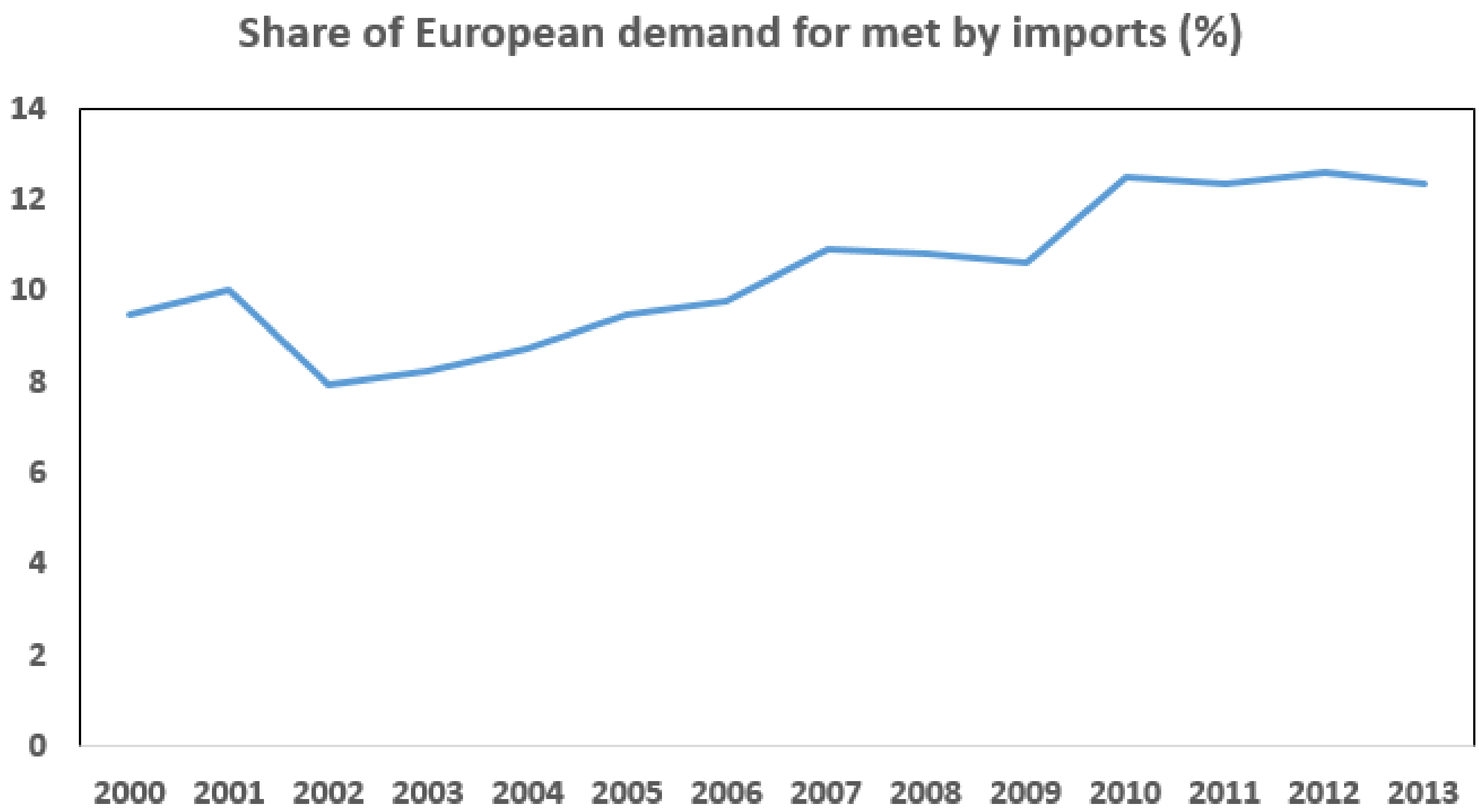
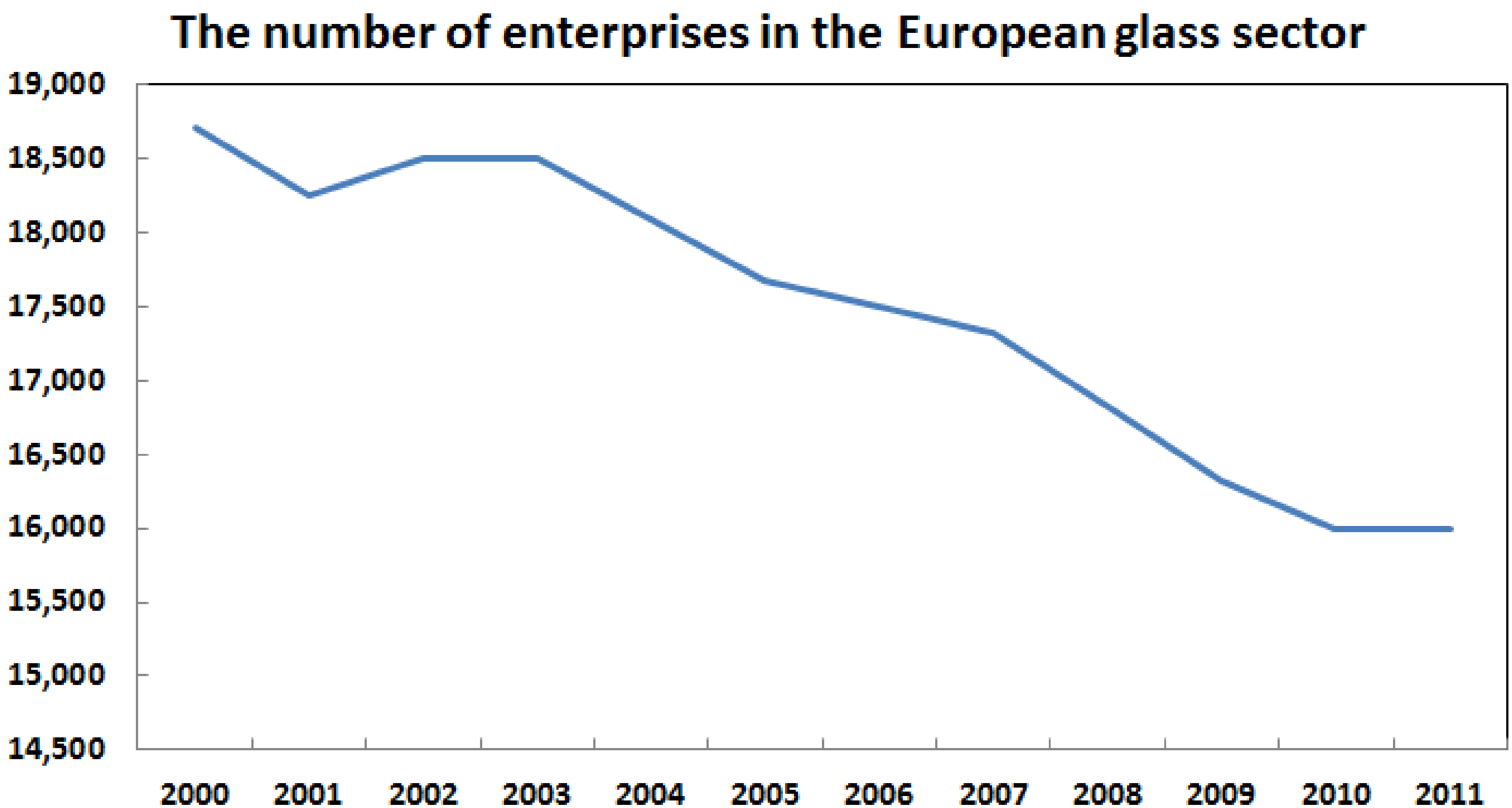
And so imports are capturing a larger share of the European market



European producers have been losing market share in export markets

	Change in level of demand (%)	Change in level of European exports (%)	European market share	Time period
US	-1	-14	Decreases	2000-07
Japan	8	-26	Decreases	2000-07
China	352	60	Decreases	2003-08
Brazil	84	-25	Decreases	2000-07
India	140	74	Decreases	2000-07
Russia	927	256	Decreases	2000-08
S Korea	129	26	Decreases	2000-06
Turkey	133	47	Decreases	2000-05
Ukraine	640	468	Decreases	2000-08
Morocco	204	32	Decreases	2000-08

What has been the impact on the sector?



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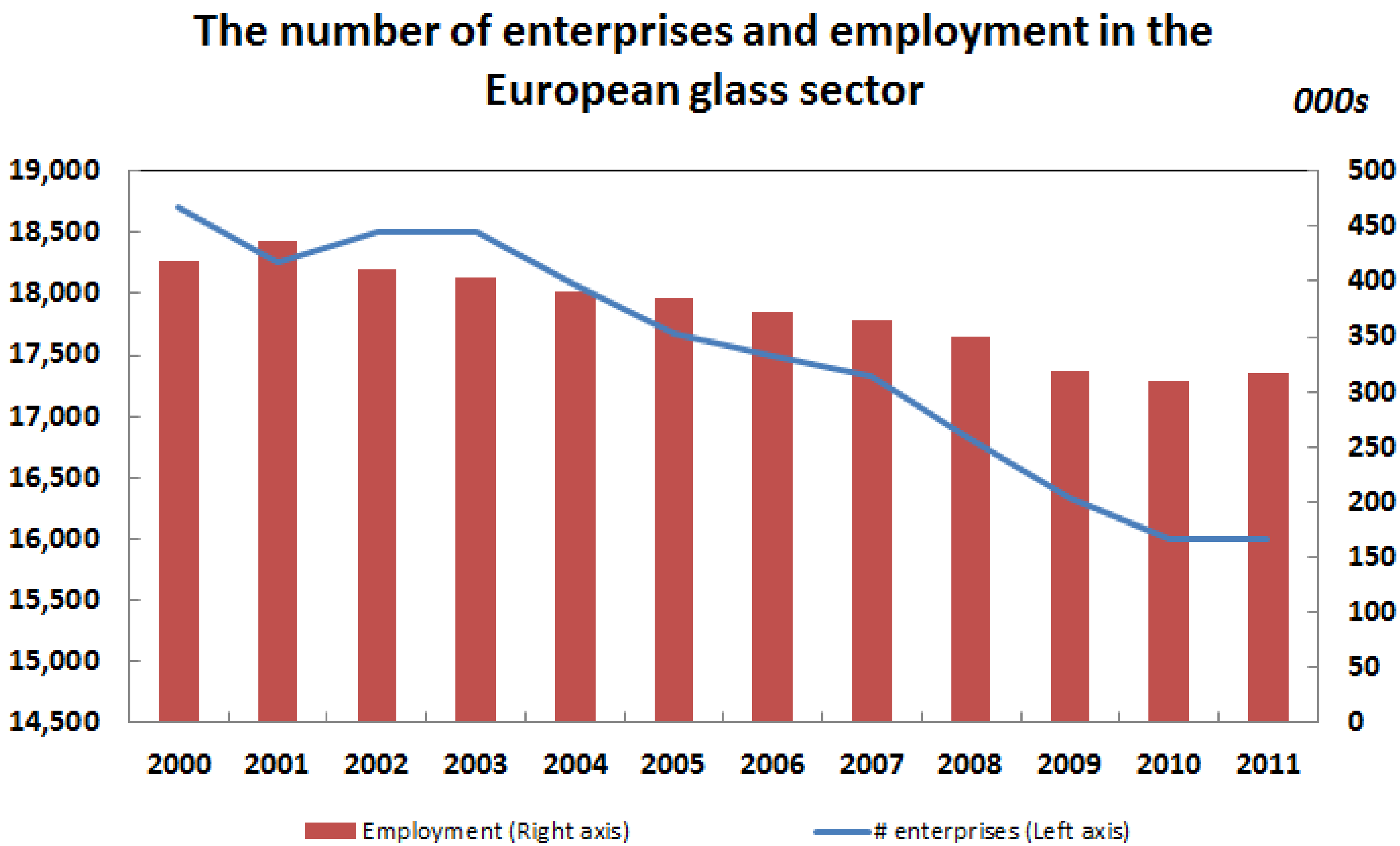

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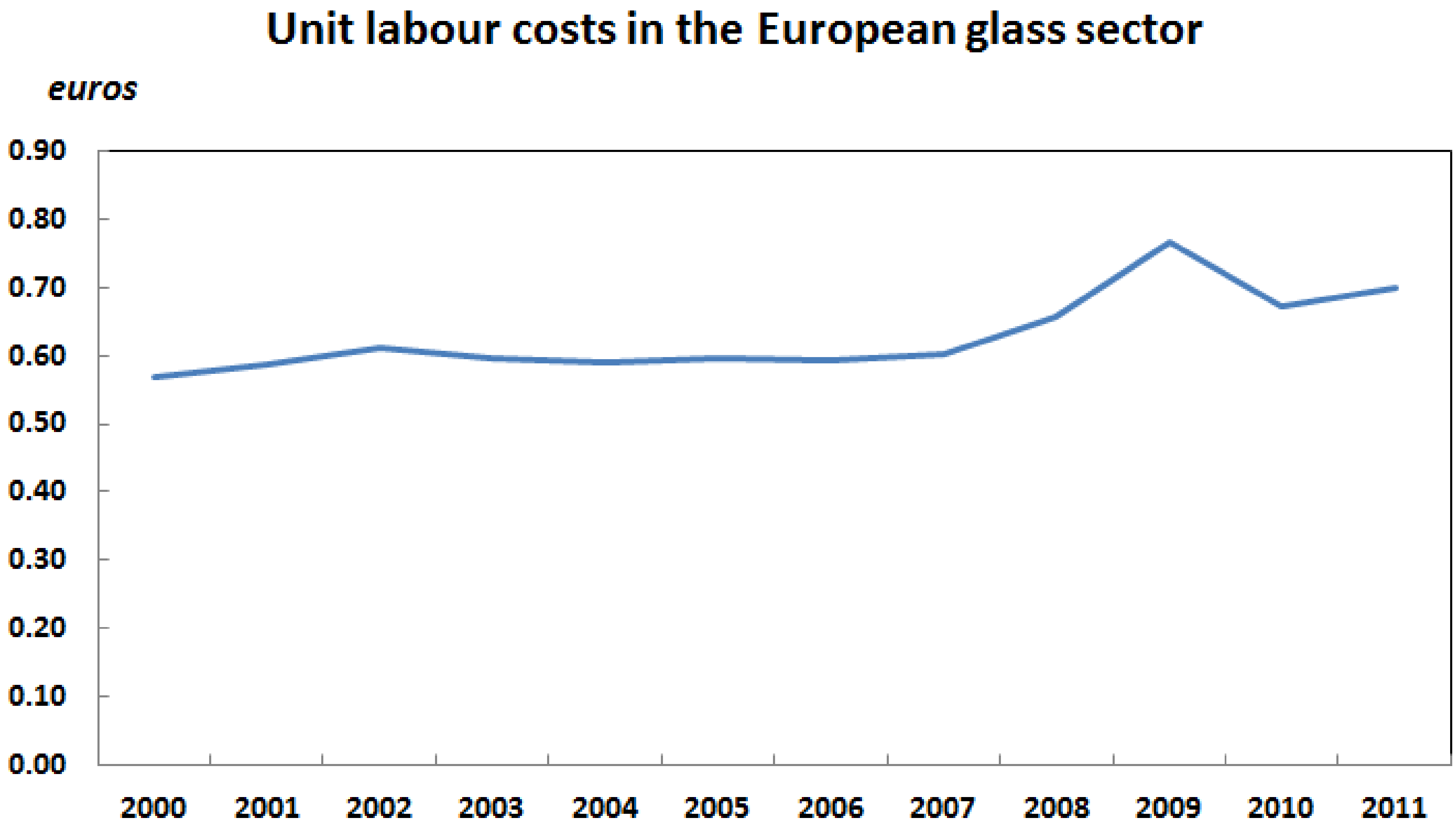
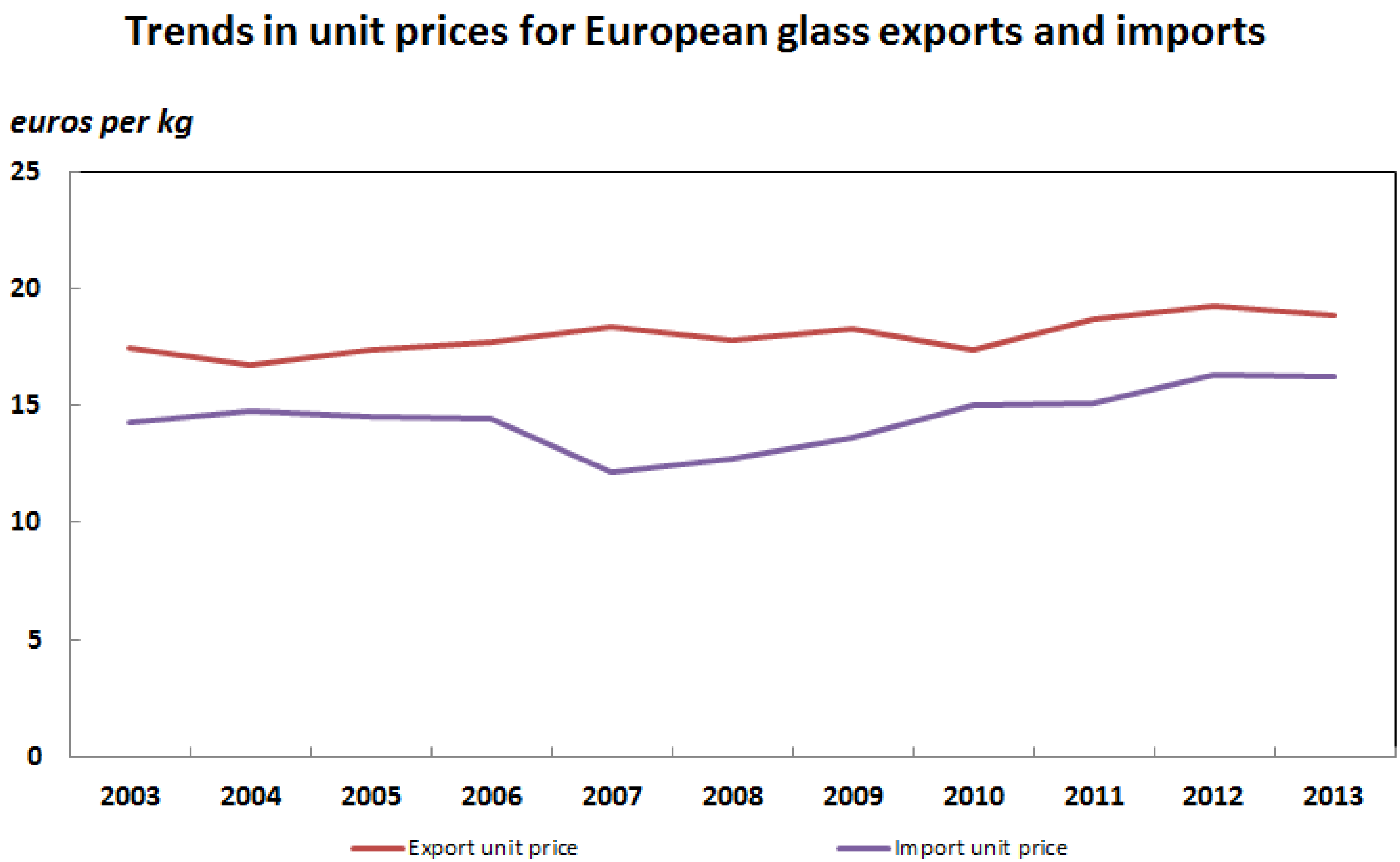
But the sector struggles to remain competitive



But the sector struggles to remain competitive



Potential factors hindering competitiveness

- Labour productivity, hindered by
  - Skills mis-matches
  - Old, worn capital, operating at its limit
  - Lack of new investment
- Value added share of output, has fallen
  - Purchases of inputs have risen faster than outputs
    - In real terms the increase has been small
    - Driven largely by price increases in cost of inputs
    - Difficult to pass increases on in the face of strong competition

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Summary

- The European glass sector is losing its share of the domestic and global market
  - Ensure fair, equal and open access to markets
- Despite consolidation and rationalisation, the sector still struggles to compete on price
- Key factors hindering competitiveness
  - Low labour productivity – encourage new investment; ensure employees have right skills
  - Rising cost of inputs – ensure Single Market operates effectively, consider the impact of legislation on European producers

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