Overview of the Glass sector

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

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Cambridge Econometrics

22nd October 2014
European demand for glass is static

European demand for glass and glass products (€bn)
But imports have surged
And so imports are capturing a larger share of the European market
European producers have been losing market share in export markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Change in level of demand (%)</th>
<th>Change in level of European exports (%)</th>
<th>European market share</th>
<th>Time period</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>-1</td>
<td>-14</td>
<td>Decreases</td>
<td>2000-07</td>
</tr>
<tr>
<td>Japan</td>
<td>8</td>
<td>-26</td>
<td>Decreases</td>
<td>2000-07</td>
</tr>
<tr>
<td>China</td>
<td>352</td>
<td>60</td>
<td>Decreases</td>
<td>2003-08</td>
</tr>
<tr>
<td>Brazil</td>
<td>84</td>
<td>-25</td>
<td>Decreases</td>
<td>2000-07</td>
</tr>
<tr>
<td>India</td>
<td>140</td>
<td>74</td>
<td>Decreases</td>
<td>2000-07</td>
</tr>
<tr>
<td>Russia</td>
<td>927</td>
<td>256</td>
<td>Decreases</td>
<td>2000-08</td>
</tr>
<tr>
<td>S Korea</td>
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<td>26</td>
<td>Decreases</td>
<td>2000-06</td>
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<tr>
<td>Turkey</td>
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<td>2000-05</td>
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<td>Ukraine</td>
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<td>2000-08</td>
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<td>Morocco</td>
<td>204</td>
<td>32</td>
<td>Decreases</td>
<td>2000-08</td>
</tr>
</tbody>
</table>
What has been the impact on the sector?
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The number of enterprises and employment in the European glass sector

- Employment (Right axis)
- # enterprises (Left axis)
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
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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