

# **The future of the glass sector in Europe**

## *Challenges and opportunities*

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EESC hearing on glass industries

# All around us, at every moment of our lives



**Glass Alliance**  
Europe

# The World of Glass

- ✓ An **inert material** mainly made of abundant natural resources and of recycled glass
- ✓ **Fully recyclable** and highly recycled material
- ✓ A material appreciated for its **health & comfort benefits**, in preserving ingredients, letting natural light into buildings, etc.
- ✓ In many applications serves to **save energy** or generate **renewable electricity**
- ✓ An innovative material that renders possible **new technological developments** in many sectors
- ✓ A sought-after **aesthetics for designers** and creators which contributes to brand reputation and Europe's culture
- ✓ A material found **in most leading products exported by the EU**: food, automotive, luxury, etc.



# Six different glass sectors forming a key industry for Europe

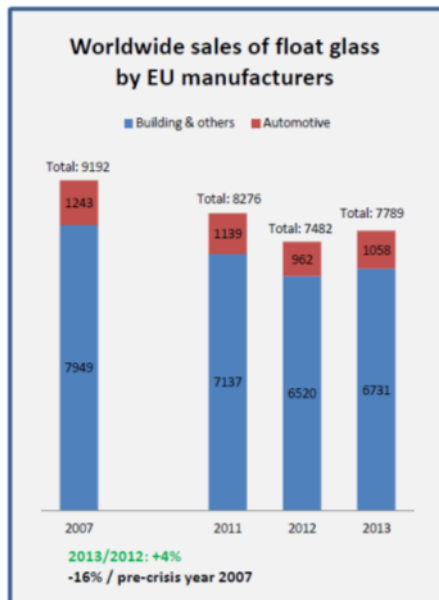
- ✓ **Container glass, flat glass, domestic glass, special glass , continuous filament glass fibre & insulation glass wool**: different companies, economic models & end uses
- ✓ About **1.000 companies across the EU** ranging from SMEs to large multinationals
- ✓ Approximately **150.000 workers directly employed** in glass making
- ✓ **Over 500.000 indirect and induced jobs** (glass recycling, glass processing, etc.)
- ✓ Around **33 million tonnes of glass produced annually** in the EU



# What are today's difficulties?

1. Depressed markets in key sectors
2. Rising energy costs
3. Rising regulatory costs create distortion of competition with outside EU manufacturers
4. Unfair trade practices

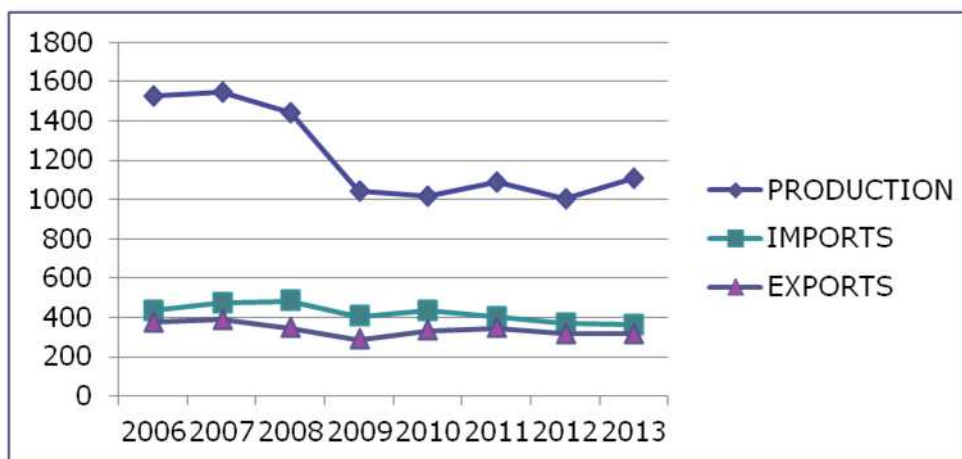
# 1. Depressed markets in key sectors



- 16% demand for flat glass between 2007 and 2013
- Main markets outlets depressed with no positive forecast



Reduction of capacities  
14 sites closed in EU (out of 60)

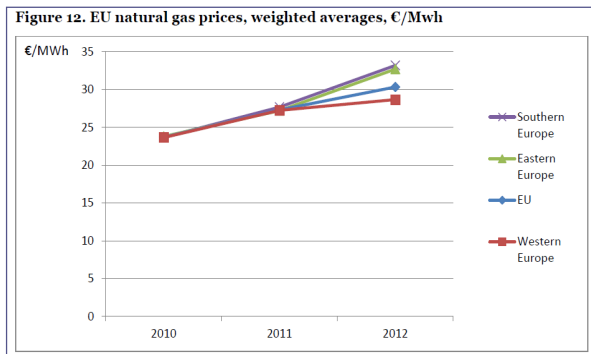


Domestic glass  
Market level still 25%  
below pre-crisis levels



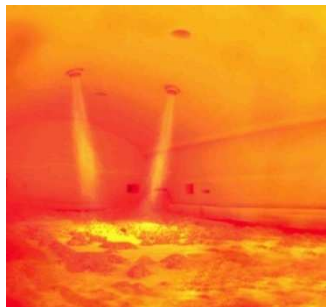
## 2. Rising energy costs

### ✓ CEPS study on energy costs in flat glass manufacturing



- 21% increase in production costs in 3 years
- 37% share of energy costs in production costs
- 28% increase in gas prices in 3 years
- 10% increase in electricity prices in 3 years

### ✓ Room to improve energy efficiency of manufacturing process limited:



Glass melting furnace

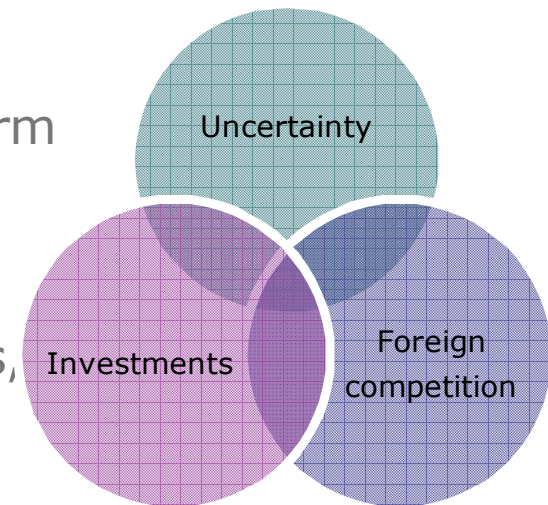
- Most sites already using Best Available Technologies
- Breakthrough needed in thermo-dynamic science
- Materials need to be heated up to 1650 C° to melt glass

### 3. Rising regulatory costs create distortion of competition with outside EU manufacturers

#### **Uncertainty endangers our sector:**

Long investment cycles mismatch with short-term policy reviews

- ✓ Sudden change of status in Glass BREF
- ✓ Recurrent questioning on REACH interpretations: e.g. status of intermediates, new substances considered.



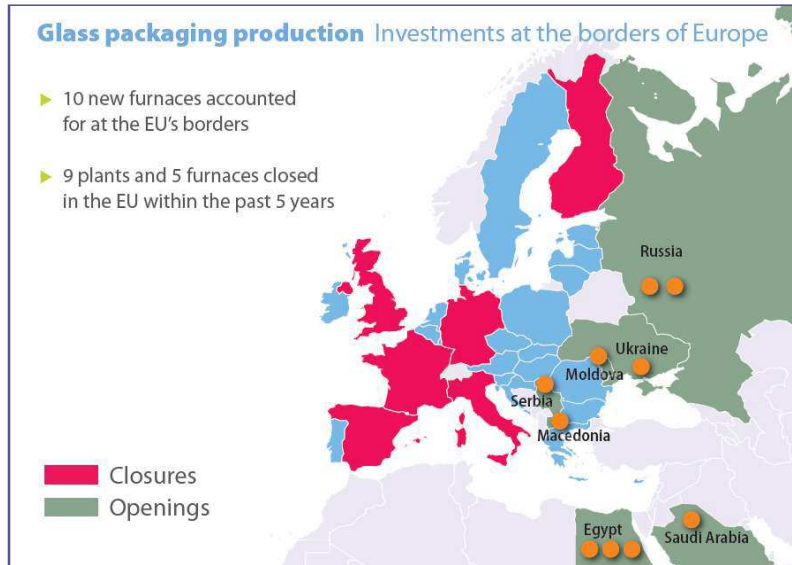
#### **Costs of EU environmental and climate policy**

- ✓ EU ETS CO2 emission reduction objectives (i.e. -43% by 2030) unachievable in glass making : more CO2 allowances will have to be acquired even if carbon leakage protection!
- ✓ Always stricter permits & emissions requirements require major investments (dust filters, baseline soil conditions, etc.)

**Cumulative costs not borne by competitors...**

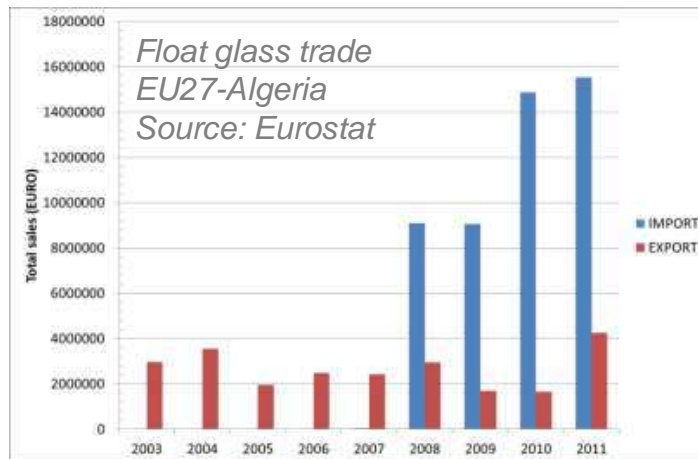


## ... generates investment leakage



Example in the container glass industry

## And a rise in imports from neighbouring countries



## MFG in Algeria – float glass

- ✓ 1 installation in 2009 – 5 planned in 2016
- ✓ Investment foreseen: 400 000 000 \$
- ✓ Will to become the world 10th larger flat glass producer.
- ✓ Algeria enjoys trade preferences with the EU under the Generalised Scheme of Preferences



## 4. Unfair trade practices from competitors

- **Continuous Filament Glass Fibres market distorted due to high imports of dumped glass fibres from Asia.**

- 2011: EU reduces definitive anti-dumping duties to 13,8%
- 2012: EU recognizes that there is fraud of RGF originating in China but imported through Malaysia to circumvent AD duties
- 2014: New preliminary duties....
- In the meantime:
  - ✓ Significant job losses (remains only 35% of jobs compared to 2009)
  - ✓ Numerous site closures in Finland, Spain, Italy,
  - ✓ Loss of market share & investments moving abroad



- **Dumping of solar panels and solar-glass originating from China**



- EU imposed duties in 2013 (2 years after the US!)
- Most sites dedicated to solar glass production in EU have closed (Belgium, Spain, Germany).

# A meaningful industrial policy for glass industries



- ✓ 2020: 20% industrial GDP only an aspiration...
- ✓ What serious objective for 2030?



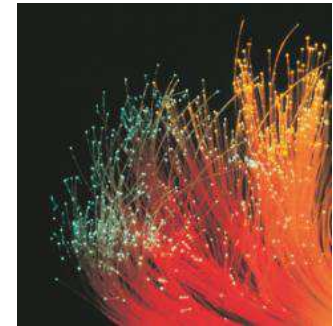
# 1 – Transform the energy & resource efficient society in opportunities for glass industries

- ✓ Energy-Efficiency and climate policies
  - Prioritize efforts on sectors such as buildings and transport which consume the most energy and can generate industrial activity in Europe
- ✓ Resource efficiency and a circular economy
  - Promote closed-loop and effective recycling - 70% recycling rate of glass bottles in the EU
  - Support glass sector's efforts to constantly improve recycling rates
  - Waste glass helps reduce energy & CO2 emissions in glass melting
  - Enable Europe to move from a linear (take, make, dispose) production model towards a circular economy where waste is a resource
- ✓ Protection of health & environmental impacts
  - Properly take account for the nature of glass: The glass substance is exempt from REACH and is the only material that is classified by the FDA as "generally regarded as safe" (GRAS).
  - Support shift towards genuinely sustainable

## 2 – Design policies with careful attention to competitiveness concerns

- ✓ Need to address the concerns of energy costs
  - Incantations about improvements to process efficiency is not enough: overall costs must be moderated by acting on taxes and levies
- ✓ Rethink the EU's climate policy
  - Set realistic GHG reduction goals for glass industries: 43% reduction not achievable
  - Ensure that under the ETS free CO2 allowances do not reduce faster than the estimated reduction potential in the sector
  - Ensure long-term stability and predictability for operators
- ✓ Better fine-tune policies according to industrial realities
  - Consider the continuous production flow and long investment cycles better in designing environmental policies
  - Simplify implementation rules of REACH
  - Do not impose additional rules on EU manufacturers when competitors are exempt.

# 3 – Support R&D and rediscover glass and its industries

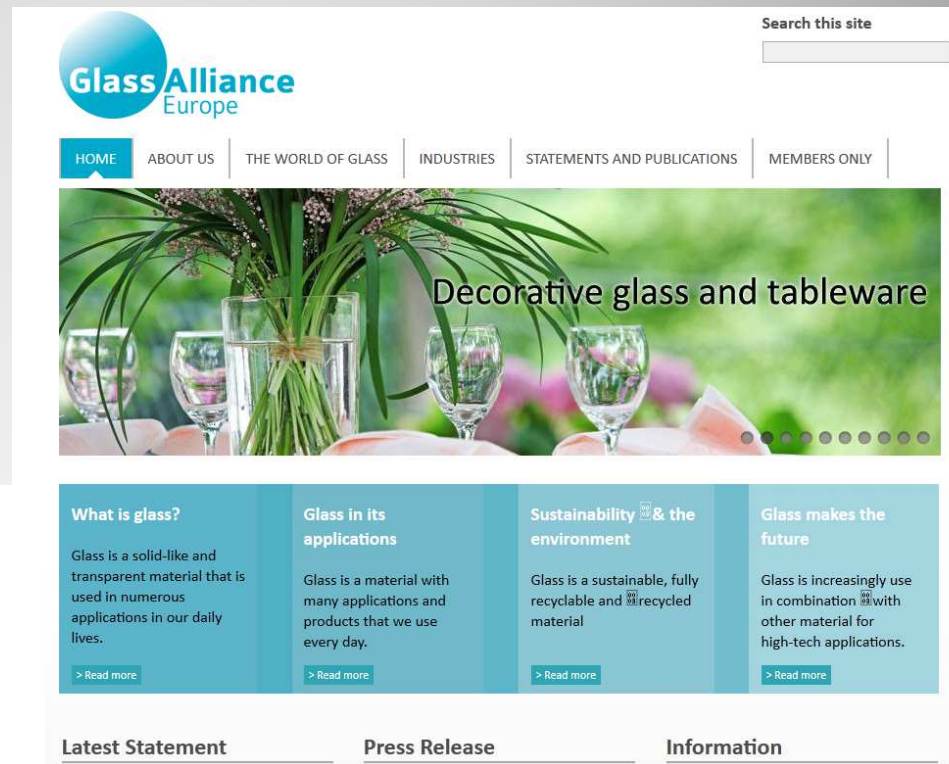


- ✓ Glass innovation is key to Europe's technological lead in many sectors
- ✓ Glass is a Key Enabling Technology and Industry

# More information

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The screenshot shows the Glass Alliance Europe website homepage. At the top left is the logo, a blue circle with 'Glass Alliance Europe' text. To the right is a search bar labeled 'Search this site'. Below the logo is a navigation menu with links: HOME, ABOUT US, THE WORLD OF GLASS, INDUSTRIES, STATEMENTS AND PUBLICATIONS, MEMBERS ONLY. The main content area features a large image of a vase with flowers and glasses, with the text 'Decorative glass and tableware' overlaid. Below this are four columns of text, each with a title and a 'Read more' button:

- What is glass?**  
Glass is a solid-like and transparent material that is used in numerous applications in our daily lives.  
> Read more
- Glass in its applications**  
Glass is a material with many applications and products that we use every day.  
> Read more
- Sustainability & the environment**  
Glass is a sustainable, fully recyclable and recycled material.  
> Read more
- Glass makes the future**  
Glass is increasingly use in combination with other material for high-tech applications.  
> Read more

At the bottom of the screenshot are three links: Latest Statement, Press Release, and Information.



[www.glassallianceeurope.eu](http://www.glassallianceeurope.eu)

**Glass makes the future**

**Glass making in Europe SHOULD  
be part of that future**



**Thank you**

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