



China Glass Production Has Doubled Since 2003, According to New Study

October 20, 2009

Since 2003, glass production in China has increased by more than \$576 million—more than 67 percent, according to a recent study. The report, titled "University Through the Chinese Looking Glass: Subsidies to China's Glass Industry from 2004-08," was prepared by the Economic Policy Institute (EPI) with support from the Alliance for American Manufacturing (AAM) and was authored by Dr. Usha Haley of Harvard. ([CLICK HERE](#) to view the full report.)

The study shows that as of 2009, China is the largest producer of glass and glass products in the world, and says that government subsidies in particular have bolstered it, during the period of 2004-2008. Haley cites statistics from the National Bureau of Statistics, China, that show that China's glass industry received \$1 million in government subsidies in 2004, compared with \$15.7 million in 2008—and illustrates a gradual increase over this period.

Haley also looked at the country's glass output from 1987 to 2007, and noted that it has risen, on average, 18 percent annually.

"Along with increasing production, the Chinese glass industry experienced a three-fold increase in exports to the United States from 2000 to 2008," writes Haley. "Correspondingly, the U.S. trade deficit with China on glass also tripled in the same period."

Haley predicts that due to China's own declines in real estate and automotive sales, the country's exports of glass are expected to continue to increase, at least until 2011.

The report also looks at total production capacity of China when compared with other countries in the world, and Haley points out that in 2008, China's glass industry contributed more than 31 percent of all global glass production; it has the greatest number of float-glass production lines and the largest production capacity for float glass in the world, according to the report. While the country does possess more float lines than other countries in the world, Haley says that many of these are low-grade.

"The great bulk of new lines continue to emphasize the production of lower-grade float glass," writes Haley.

When looking specifically at the auto glass industry, Haley says there are three companies that account for more than 80 percent of the country's total market auto glass share, but notes that as of 2008 there were more than 200 auto glass manufacturers throughout the country. According to the study, only a small number of these were engaged in large-scale production, and "most were small and also had more product quality."

Haley reports that China exported a total of 650,000 square meters (approximately 7 million square feet) automotive glass in 2005 with an average price of \$31.8 per square meter; however, he says, this rose to 5.4 million square meters in 2007.

AAM Calls for Action

As a result of the study, the AAM is urging the Obama administration to address the issue of Chinese government subsidies to the country's glass industry at an upcoming meeting with Chinese officials on trade issues.

In a letter to Secretary of Commerce Gary Locke and U.S. Trade Representative Ron Kirk, AAM urged the Administration to "address the significant and market-distorting subsidization by the Chinese government of its domestic glass industry" at the Joint Commission on Commerce and Trade (JCCT) scheduled to take place October 29 in Hangzhou, China.

"Our domestic glass industry is the most efficient in the world," the letter states, "but it cannot compete against production that is heavily subsidized by the Chinese government," adding that the global overcapacity of glass products created by the explosive growth in Chinese production has led to U.S. "plant closings and thousands of lost jobs."

"Dr. Haley's study is important because it shows the type of competition U.S. companies are up against, in particular the massive subsidized Chinese products received," AAM executive director Scott Paul, told glassBYTEs.com™/AGRR magazine. "We want to show government officials that even the most efficient U.S. glass producer will have a hard time competing against subsidized glass products from China."

Paul also encourages glass industry representatives who share his concern to contact their state representatives.

"We encourage all glass companies to get in touch with their Congress people and make sure that they see this study and ask that they bring it before the Obama administration and work to make it a priority," he says.

The United Steel Workers (USW) have also joined the fight.

"[The report] provides compelling evidence that our government must step to the plate at the upcoming commerce talks with China later this month to urge a response that reduces the effect of subsidization on American jobs in the glass industry," says USW president Leo W. Gerard. "Rising joblessness makes it critical that our government enforce fair trade laws to help reverse this trend."

Need more info and analysis about the issues?

[CLICK HERE](#) to subscribe to AGRR magazine.

Copyright© 2009 by Key Communications, Inc. for AGRR Magazine. All rights reserved.

No reproduction, in print, electronic or any form without the expressed written permission of Key Communications Inc. 540-720-5584.