

AAM study cites impact of Chinese glass production

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Citing massive increases in Chinese glass production and exports during the current decade, the Alliance for American Manufacturing (AAM) this week urged the Obama administration to address the Chinese government's subsidies to its domestic glass industry at an upcoming meeting with its Chinese counterparts on trade issues.

In a letter to Secretary of Commerce Gary Locke and U.S. Trade Representative Ron Kirk, AAM strongly 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) to be convened Oct. 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."

From 2001 to 2008 the U.S. glass industry lost almost 40,000 jobs, a decrease of nearly 30 percent according to the U.S. Department of Labor. Large cities and small towns alike have been impacted. States such as Arkansas, California, Florida, Illinois, Indiana, Massachusetts, Michigan, North Carolina, New Jersey, New York, Ohio, Pennsylvania, South Carolina, Virginia, and West Virginia have lost at least one out of four glass industry jobs since 2001.

The Indiana glass industry from 2001 to 2008 lost 2,314 jobs in the glass and glass product manufacturing sector; a decrease of 36.3 percent of the sector's total work force.

"With unemployment threatening to exceed 10 percent, the need to challenge the Chinese government's subsidies to its domestic glass industry is essential to prevent further damage to our glass industry, workers and economy," said AAM Executive Director Scott Paul.

Since 2003, glass production in China has increased by more than \$576 million - more than 67 percent - according to a recent study by Dr. Usha Haley of Harvard University Through the Chinese Looking Glass: Subsidies to China's Glass Industry from 2004-08. In fact, new production capacity in the glass industry of China in 2007 was nearly six times greater than that of 2003.

China's domination of the global glass market is already having a significant effect, none more dramatically than in decisions made about construction of the new World Trade Center. The New York/New Jersey Port Authority has decided that Chinese-made glass will be used in the construction of the new tower.

Despite the fact that three U.S. glass manufacturers, including Pittsburgh-headquartered PPG Industries, spent months working with the tower architects to plan and develop a new kind of glass for floors one through 20, none of these American companies was awarded the contract to make the glass.

Prepared by the Economic Policy Institute (EPI) with support from AAM, Dr. Haley's study cites the Chinese glass industry's three-fold increase in exports to the United States from 2000 to 2008. The U.S. trade deficit with China on glass also tripled in the same period.

According to AAM sources, China's glass and glass-products industry received total subsidies approximating at least \$30.29 billion from 2004 to 2008. These subsidies spanned heavy oil, coal, electricity and soda ash and have been growing steadily in the period under study, reaching about 35 percent of gross industrial output value of glass in 2008.

China is currently the largest producer of glass and glass products, has the greatest number of glass-producing enterprises, and has the largest number of float-glass production lines in the world. It has become the world's largest exporter of flat glass and glass fiber.