

# **EU CONFERENCE “From 2007 on: the principal challenges facing the European Glass and Ceramics industries”**

**Brussels: 16 May 2007**

## **Opening session: Presentation by David Workman, President, CPIV & Director General, British Glass Manufacturers' Confederation**

Could I start by thanking the German Presidency, the Commission and in particular Kevin Bream for all the effort that has been put in to arranging this workshop for the glass and ceramics industries.

I hope that during the course of the day members of the European Parliament and those who work for the Commission will take the opportunity of entering into open dialogue with those who work at the sharp end of manufacturing. It is evident to me that such communication is becoming increasingly important.

Over the next few minutes I will explain why I believe that such dialogue is so vital, but I shall start by going back to the beginning.

Glass is a fantastic material with a tremendous heritage.

It was nearly 4,000 years ago that man first learned how to manipulate glass to form articles. The fact that it is still such a widely used material today is a reflection of ongoing innovation and to the fact that the material lends itself to such a diverse range of applications.

2,000 years ago the Romans learned how to use it for glazing, and the development of optical glass in the 14<sup>th</sup> and 15<sup>th</sup> centuries enabled scientists to expand our knowledge base through the use of microscopes, telescopes and the humble test tube. Indeed, think where civilization would be today had those devices not been invented.

We were only able to move from candlelight into the dazzling displays that you see every night in our towns and cities because of the unique properties that glass has brought to the manufacture of lighting products.

Developments in telecommunications would not have been possible without glass fibre optics.

But glass is not just a material used for practical purposes. In crystal we have the ability to turn it into something of beauty as well. As Goran Warff described it “Glass is liquid light, Glass is movement, Glass is earth, fire and ice – an encounter between nature and mankind”

You only have to look around your offices, homes and motor cars to realise just how widespread is the use of glass and the multiplicity of its applications. Today’s city skylines are dominated by an array of gleaming glazing products.

In combination with ceramics it becomes a superb insulator and semi conductor used in a number of applications from space shuttle tiles to cookware to the encapsulation of nuclear waste.

But enough of the past. I want to concentrate on the future and the role that glass can play in combating the effects of climate change.

We are all aware that insulating our homes and offices significantly reduces heat loss. Fibre glass in all of its different forms, if universally installed across the EU, has the potential to save over 400 million tonnes of CO<sub>2</sub> a year.

Fibre glass used as a replacement for heavier materials also has the potential to lightweight motorcar chassis, yachts, wind turbine blades and other white goods.

Low E glazing, if installed across the EU to replace ordinary single and double glazed units, has the potential to save a further 140 million tonnes of CO<sub>2</sub> a year. In fact the latest innovations in glazing actually produce solar energy gains.

Long life, low energy, glass light bulbs are four times more energy efficient than the traditional variety.

The development of Voltaics offers us the potential to turn sunlight into energy and there are whole towns in Southern Turkey where the only source of energy appears to be from solar panels.

The largest solar power plant in Europe is being commissioned in Southern Spain using giant glass mirrors to deflect the sun's rays efficiently and effectively into energy generation.

British astronomer, Roger Angel, believes that it is possible to combat the effects of global warming by building a giant computer controlled glass umbrella in space to deflect the sun's rays either to or away from earth.

In container glass there exists the unique opportunity, if the right collection and reprocessing infrastructure were to be put into place, of being able to produce a packaging material from infinitely recyclable post consumer waste, so reducing substantially the need for extraction of virgin raw materials and resulting in a 25% reduction in energy use. Each tonne of glass recycled also saves a net 315kg of CO<sub>2</sub>.

The energy and CO<sub>2</sub> savings from recycling need to be reflected in legislative targets. This would encourage those who collect waste to improve the quality of returned material. The decline in standards is becoming a serious issue in the UK and, as I understand it, France as well.

Container weights are also falling dramatically, aided in the UK by a number of government funded projects, so reducing further glass's carbon footprint.

Indeed, we calculate that if glass in all of its forms were to be used and recycled to its true potential the EU could meet its Kyoto commitments without recourse to any punitive legislation. This needs to be reflected in the way that the tax system treats sectors which manufacture energy saving products

It is one of the abiding frustrations of those who work in our industry that the potential benefits of glass do not appear to be recognized in Government either here in Brussels or in the national capitals of the EU. You might well point the finger the

finger of blame at the industry itself for not promoting its environmental credentials more heavily – and frankly you would be right.

We are, however, an energy intensive industry and as such the reduction in its consumption is an economic and commercial imperative, not just an environmental aspiration. Since 1980 we have halved the amount of energy required to melt a tonne of glass – and as a result our CO<sub>2</sub> emissions have also fallen dramatically. We are not a smoke stack relic of the industrial revolution as some might view us.

Having said that our ability to make further giant leaps in energy reduction are limited by the laws of physics and the current known boundaries of technology.

The other feature of glass, of which we find great difficulty in convincing Government, is that as a material it is virtually inert in 99% of applications.

Where we do need to incorporate potentially dangerous raw materials it is for very good reasons - for instance to protect consumers from radiation when they watch their televisions or use their PCs.

The constituent raw material elements of glass, once melted and formed into articles, are contained within the matrix of the glass itself and cannot leach out.

This is a major consideration which our lawmakers need to understand when glass is subject to REACH and other consumer protection legislation.

We met here at the beginning of 2004 and subsequent to that workshop we set up a working group that devised a brochure entitled “Creating the Conditions for Sustainability.” This attempted to lay out a path for us to follow which would result in the sustainable production of glass and ceramics within the EU. One of the benefits to accrue from this was the Social Dialogue Agreement on Crystalline Silica. However, over the last three years we have seen an enormous transfer of production to countries outside of the EU and if you look at where the major glass companies are currently investing heavily it is to the East of Europe, the Middle East, South America, China and the Far East.

This move has had a devastating effect on a number of sectors within the glass industry notably fibre, special glass, and the domestic, tableware, crystal sector. In

this context I would concur entirely with the comments made by Ian Dudson, especially in relation to China.

Indeed in the UK the industry is now virtually down to a dozen or so companies producing glass for the packaging, construction and the automotive industries.

The often cited reason for this transfer of production is labour costs. Yes, we do pay our people more here than they are paid elsewhere but the rush to automation over recent years has meant that if you visit almost any glass plant in Europe now, the one thing that you will notice is that there are virtually no people around at all.

There therefore must be other reasons why glass and ceramic products are increasingly being produced and sourced from outside of the EU. My own personal view on this is that it has much to do with the EU's inability to liberalise its energy markets and to provide secure and affordable sources of energy into the future.

It has much to do with the uncertainty over the cost of carbon under the EUETS and the possibility of NOx and SOx trading. It has much to do with the capital costs associated with IPPC permitting and the bureaucracy behind the implementation of a whole range of employment, health and safety and environmental measures.

The one very simple message to those in positions of power is that if the cost of operating within the EU's borders exceeds that of operating outside, then the multinational owners of our industry will continue to invest where they can earn the greatest return. We need a level playing field on which to operate.

The greater the degree of off shoring of manufacturing the greater will become the global environmental damage and this needs to be addressed in future EU trade and environment policy.

There is one final issue to which I would like to draw your attention. Our trade bodies are coming under increased pressure to lobby with evidence. Our problem is that the legal advice we receive often points to potential conflicts with competition law in the gathering of such evidence. We would like clarification from the Commission on this important question.

In summary:

Glass has a very proud heritage.

Glass has played a major part in society's development and continues to play a vital role in today's high tech world.

Glass products can play a major part in conserving energy and reducing CO2 emissions.

It is a pure, natural and virtually inert material – and 100% recyclable, if the right infrastructure is put in place to ensure quality returns.

The industry has made a considerable contribution already towards reducing its carbon footprint.

Glass is a very sustainable material. We want to ensure that the EU can sustain production within its borders well into the future, so securing the employment of the 200,000 people currently employed in the industry and the millions in upstream and downstream activities.

I hope that what will emerge from today is a greater understanding of the issues facing these two important EU industries and an agreement to continued formal dialogue between the Commission, Parliament and representatives of the sectors.

Thank you for your attention.