

Glass industry calls for urgent and robust EU support measures for the glass sector to face the on-going energy crisis

The European glass industry is an innovative and highly strategic sector from which the EU benefits greatly. Glass products have a crucial societal contribution insofar as they are feeding important value chains (energy, building, transport, food & drink, medical, etc.). Glass is also a key enabling material for the transition to climate neutrality in many sectors, which have the highest emissions reduction potential (energy, building, transport).

The on-going energy crisis in Europe represents a major threat to the glass industry and its value chains. Glass melting requires a secured supply of energy at competitive prices for the manufacturing of new glass. Down the different value chains, energy is also needed to shape and process glass into final products used by other sectors (see annex on Key facts about energy use in the glass sector). Faced with **risks of energy shortages and exponential energy costs**, which are substantially higher than in the rest of the world, Europe's glass industry is in dire need of support to stay afloat.

In her State of the European Union address on 14 September 2022, European Commission President Ursula von der Leyen affirmed that **'targeted support needs to be provided to sectors such as the glass industry'**, the latter being essential in several critical value chains. However, and while the sector's contribution to the economy and society through value added and jobs is widely recognised, **the proposed measures have not been sufficient so far.**

Glass Alliance Europe renews its call for urgent and decisive actions at EU and national levels to support the glass industry and help it face the new European energy landscape.

- Regarding continuous energy supplies, authorities should ensure that the criterion on irreversible damages to industrial installations is duly implemented in national contingency plans **to prioritise supply of energy to continuous production processes, which cannot be stopped, such as the glass industry**, and thus avoid the complete loss of industrial assets.
- **To design and swiftly introduce urgent and decisive measures to curb energy costs for both natural gas and electricity** for the energy intensive glass industry, in the short term. When it comes to gas, all possible mechanisms such as a price cap, a price corridor, a price brake or else, must be evaluated against their effectiveness in guaranteeing enough gas supplies, in lowering gas costs, in granting predictability over several years and in restoring the capacity of the European glass industry to be globally competitive.
- To provide immediate relief to companies throughout the glass value chains that are seriously injured by the on-going crisis. We take note of **the amended Temporary Crisis Framework and draw the authorities' attention to the need for this framework to be implemented in a flexible and efficient manner** for support to be provided at the right time. We welcome the increase in the cap on financial support although it may remain too low for most energy-intensive branches of the glass industry. We also welcome the easing of qualification criteria with the revised criterion on EBITDA evolution. The aid's conditionality to investments remains questionable and should not prevent necessary support from being granted.

- **To facilitate fuel switching by allowing for greater flexibility under the local implementation of the Industrial Emissions Directive rules** to efficiently amend operational permits, when it comes to re-introducing heavy fuel oil for glass melting, as well as to reduce permitting time for biogas, in an attempt to reduce Europe's dependence on natural gas and diversify energy sources.
- To support greater electrification of the glass industry by **revising the Guidelines for certain aid for the compensation of indirect emissions under the EU ETS and make sure all glass sectors become eligible for compensation** for their sky-rocketing electricity costs.
- To offer immediate relief on taxes and surcharges for electricity and gas to the European glass industry, as well as **to preserve the exemption for mineralogical processes under the Energy Taxation Directive.**
- To swiftly engage the reform meant **to decouple electricity from gas prices and the reform of the energy market design** and to involve glass industry experts in the reflection.
- **To continue the trade defence measures on subsidised and dumped imports**, where relevant, **and** to consider the rapid introduction of **additional measures when new flows emerge**. Because of the high energy prices in Europe, import volumes from historical importing countries are increasing, and new trade flows are emerging. These flows, if left unaddressed, could pose a serious threat to European production.

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About Glass Alliance Europe - EU Transparency Register N° 74505036439-88

Europe is the world leader in glass making. The EU glass industry comprises more than 500 plants providing 500,000 direct and indirect jobs. Glass is a unique and inert material made from abundant natural resources and fully recyclable. It is a key contributor to the EU objectives of a low-carbon, energy efficient and circular economy, and a key enabling material for essential supply chains, such as the pharmaceutical and health sector, the food and drink industry, buildings and construction, automotive, luxury goods and perfumes, electronics, etc.

For more information <http://www.glassallianceeurope.eu/>

ANNEX - KEY FACTS ABOUT ENERGY USE IN THE GLASS SECTOR

The glass industry consumes on average 4,5 bcm of **natural gas** a year. Natural gas is the main source of energy used for glass making (70-80%) It is essential for efficient glass making nowadays and cannot be completely replaced yet in most glass sectors. The other main energy source used in the glass industry is **electricity** (20-30%). The share of electricity use is increasing over the years as electric firing technology improves and companies turn to greater electric input to reduce CO₂ emissions.

Glass-making is a high-temperature **continuous production process**. The temperature inside the melting furnace, between 1000°C and 1600°C, must be maintained throughout the furnace's lifetime of 10 to 20 years (both the temperature and the lifespan are dependent on the glass sub-sector), to ensure continuous production and preserve the integrity of the industrial equipment. Stopping the energy influx to glass furnaces is not an option as it would cause **irreversible damages to the installations**. This specificity has been recognised by the European Commission in the Gas demand reduction plan accompanying the "Save Gas for a Safe Winter" Communication of 20 July 2022, and it has been underlined by Commissioner Thierry Breton in his speech during the presentation of the Communication¹.

Energy costs usually represent between 20% and 35% of total production costs depending on glass sub-sectors and energy prices. In the current crisis period, this share has drastically increased. This surge in energy costs for European glass producers is not shared by competitors in third countries and the **global competitiveness** of Europe's glass industry is severely hampered.

The glass industry is actively looking for potential transformations which will allow to reduce its emissions. The move towards **electrification and future use of hydrogen/syngas**, based on renewable energy, represents a significant opportunity in this regard. However, the current EU policy does not incentivise such a move, even less so under the current high energy prices. Under the current **EU ETS indirect emissions compensation guidelines**, only two products from the glass industry are eligible for such compensation, i.e. glass fibre mats (23.14.12.10) and glass fibre voiles (23.14.12.30), while electrification efforts should be supported in all glass sub-sectors and installations.

¹ Due to the continuous character of glass-making, the potential to reduce energy consumption in glass melting is extremely limited. In practice, halting the energy supply to a glass furnace would result in a collapse of the refractory materials due to a too rapid thermal contraction, accompanied with severe risks for the operating staff due to very hot glass leakages in the factory, with risks of fire and explosions. Restarting a furnace after such extensive damage would require at least one year, if the refractory and building materials are available, and cost up to €25 million. In addition, reducing or halting the European glass industry's output would have a **cascading effect on the value chains**, as well as a **negative social impact**.