



New AAM Study Cites Market-Distorting Impact of Explosive Growth in Chinese Glass Production

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Since 2003, glass production in China has increased by more than \$576 million--more than 67 percent--according to a recent study titled "University Through the Chinese Looking Glass: Subsidies to China's Glass Industry from 2004-08," by Dr. Usha Haley of Harvard [\[CLICK HERE\]](#) to read the full report].



Prepared by the Economic Policy Institute (EPI) with support from the Alliance for American Manufacturing (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.

The report shows that 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 reached about 35 percent of gross industrial output value of glass in 2008.

Citing massive increases in Chinese glass production and exports during the current decade, the AAM is also urging 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 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, tells USGNN.com™. "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 adds, "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."

As an example of what U.S. glass companies are facing, Paul points to the construction of the new World Trade Center tower, which will include Chinese-made glass ([CLICK HERE](#) for related article). While a number of U.S. glass companies, including Pittsburgh-based PPG Industries, spent months working with the tower architects to plan and develop a new kind of glass for floors one through 20 none were awarded the contract to make the glass. ([CLICK HERE](#) to read a related recent Washington Post article.)

Organizations, such as the United Steelworkers (USW), have applauded the AAM for its actions.

In a statement, USW president Leo W. Gerard said 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. Rising joblessness makes it critical that our government enforce fair trade laws to help reverse this trend."

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.

"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," adds Paul.

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