

**Bundesverband
Glasindustrie e. V.**

Am Bonneshof 5
D-40474 Düsseldorf

Tel. +49 (0)211.4796-134

Fax +49 (0)211.951 37 51

E-Mail: info@bvglas.de

Internet: www.bvglas.de

German Glass Industry posts Positive Growth

Turnover stabilises at a high level in the first half of 2008

BV Glas continues to demand free allocation of emission certificates for energy-intensive industries

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The glass manufacturing industry in Germany looks back on a good year in 2007. For instance, last year it was able to post its strongest growth since the German reunification. Turnover rose by 11.9 %. Rises in turnover fortunately also impacted the number of employees in the industry which rose by 7.2 %.

In the first half of 2008 the growth rate of the German glass industry stabilised at a high level without displaying quite the dynamism of the previous year. Sales for the entire sector, for instance, rose to Euro 4.34 billion in the first half of 2008, representing a 1.5 % over the previous year. It is with concern that companies are following the current financial crisis – whose consequences on the global economy, and thus also the glass industry, cannot yet be foreseen.

The sector is also burdened by the strong increase in raw material and energy prices. In the container glass industry, in particular, used glass as a coveted secondary raw material is scarce and expensive.

Emissions Trading restricts Growth

Another hurdle restricting the growth of the German glass industry as an energy-intensive industry is the European Commission's plan concerning emissions trading which – should it go ahead as planned – will lead to additional costs for the glass industry amounting to an estimated Euro 257 million in Germany alone. "Should emissions trading be implemented as planned the glass industry will have excessive burdens to bear," explained Paul Neeteson, President of the Federal Association of the German Glass Industry (Bundesverband Glasindustrie – BV Glas) and glasstec 2008. "The costs incurred from the purchase of emission trading certificates would eat up industry profits and make production in Germany unprofitable."

Committed to Climate Protection

As an energy-intensive sector the German glass industry has always assumed to its responsibilities regarding climate protection in the past. As part of its own self-imposed CO₂-reducing measures it can, for instance, demonstrate considerable successes in the field of reduced CO₂ emissions and increased energy efficiency. As ever, glass manufacturing companies in Germany use measures in their production processes with two aims: saving energy and reducing emissions. For instance, the German glass industry invests up to Euro 250 million annually in the modernisation of its melt tanks. Moreover, the sector also makes a considerable contribution to climate protection with its products such as insulation glass, thermal insulating materials, modules for photovoltaic units as well as mirrors and receivers for solar thermal power plants: "CO₂ reductions through the use of these products far exceeds the CO₂ emissions produced during their manufacture," stressed Neeteson.

Performance Spectrum of Glass

Thanks to the innovative power of this material the German glass industry is continually developing new products, researching forward-looking areas of application and thereby increasing its opportunities on the world market. Special glass, in particular, with its variable high-tech functions is an example of the extraordinary potential of the enormously versatile material that glass is. "Special surface coatings that, for instance, make glass low reflection, anti-bacterial or

dirt repellent, will in future not only be used as architectural glass but also in many other areas of application. Modern coatings thus also make it possible in the container glass industry to manufacture products with outstanding scratch resistance, particularly good label adhesion and excellent UV protection,” explained Neeteson. In the pharmaceutical and cosmetics industries special packaging made of glass is in particularly high demand. The relevant glass containers and syringe systems fulfil the highest quality requirements here.

Future Markets for the Glass Industry

Particularly in view of rising energy prices the importance of saving energy and developing alternative energy resources becomes ever clearer. The price rise for crude oil and natural gas and the increasing scarcity of fossil fuels mean the importance of alternative energies will continue to grow. Photovoltaics and solar thermics are important future markets for glass. Alongside other measures promoting climate protection these feature centre stage at this year’s glasstec.

An innovative example of glass applications are, for instance, thin layer modules for photovoltaic units that require considerably less silicon than conventional models or even no silicon at all. In one of the processes such a fine layer of silicon is applied to the module that the film looks transparent while another process uses thin layers of copper, indium and selenium (CIS technology). Both module types can finally be integrated into window, roof or façade glazing and thus combine appealing architectural solutions with eco-friendly electricity generation.

Another very promising future market are solar thermal power plants. Here parabolically formed mirrors concentrate sunlight onto solar receivers. Specially coated stainless steel piping encased in a skin made of special glass are the key to such plants. These transform sunlight into heat.

Highly effective multi-functional insulation glass just as switchable glass and light guiding functional glass also make for effective energy savings and thereby reduce CO₂ emissions.

About the Federal Association of the German Glass Industry (Bundesverband Glasindustrie e. V.)

The Federal Association of the German Glass Industry represents the economic policy interests of the glass manufacturing industry in Germany. It represents firms in flat glass, container glass, special glass as well as glass finishing and treatment. The sector comprises some 330 business units with approx. 50,000 employees. Total sales in 2007 stood at Euro 8.55 billion.

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**Bundesverband Glasindustrie e.V.
Hall 11, Stand: 11 G 33.**

Contact:

- Daniela Dühr, Press Officer, Bundesverband Glasindustrie e.V., Tel.: ++49.(0)211.4796-331, email: duehr@bvglas.de
- Dr. Johann Overath, General Manager, Bundesverband Glasindustrie e.V., Tel.: ++49.(0)211.4796-332, email: overath@bvglas.de

Position of BV Glas on the Issue of Emissions Trading

According to a proposal from the EU Commission companies will in future have to purchase the right to emit greenhouse gases by auction. Based on this the processing industry would initially have to purchase for its production facilities in 2013 20 % of the required emission rights. By 2020 it is planned for this proportion to gradually rise to 100 %. The purchase will generate costs in millions and on two counts: companies will in future have to purchase the emission rights by auction themselves and also pay a considerably higher price for energy. This is because energy providers pass the price of the certificates they have purchased onto their customers. Energy-intensive industries cannot do this: their competitors are non-European – which means they are not subject to any comparable climate protection regulations and therefore do not incur such costs.

BV Glas Demands

In terms of improving energy efficiency and reducing emissions the glass industry has reached its limit. To ensure the glass industry – so essential to the economic location of Germany as well as to climate protection – is not damaged long term by emission trading BV Glas thus rejects the auctioning of emission trading certificates as a matter of principle. Instead, the association demands free allocation for glass production companies on the basis of EU-wide, fuel-specific standards that are oriented to current developments in eco-friendly production technologies and which do not demand the physically impossible. Moreover, emission trading should not jeopardise the companies' ability to plan. Although the EU Commission is contemplating allocating a certain proportion of free emission rights to those sectors exposed to international competition it is as yet entirely unclear which operations will be relieved of their burdens here and to what extent. "The average investment cycle in the glass industry stands at 15 years. It is therefore unacceptable for the EU Commission to only decide by 2010 or after which sectors its counterbalancing measures will benefit as compensation for the existence of endangered burdens from emission trading cer-

tificates,” clarified BV Glas President Paul Neeteson. He stressed: “Politicians will be called upon in the next few weeks and months to take decisions that set the points for a continued successful future of Germany’s glass industry.”

Contact:

- **Christiane Müller, Energy Policy Advisor, Bundesverband Glasindustrie e.V., Tel.: ++49.(0)211.4796-146, email: mueller@bvglas.de**
- **Dr. Johann Overath, General Manager, Bundesverband Glasindustrie e.V., Tel.: ++49.(0)211.4796-332, email: overath@bvglas.de**