

Statement on COVID19 virus outbreak & Europe's flat glass sector

Health & safety above all while safeguarding the industry's value chain

Europe and the globe are facing a major health crisis linked to the COVID19 virus outbreak. Halting the spread of the virus, providing care to patients and support to all those affected are today's fundamental priorities of our Societies in order to restore safe health conditions as rapidly as possible. These priorities are also those of all of us working in the flat glass sector.

All companies active in the flat glass sector are diligently fighting the spread of COVID19 by closing some installations, by putting in place home-office and other social distancing measures in all their activities, wherever possible, and by making available protective equipment to all their workers whose on-site presence is necessary.

Bertrand Cazes, Secretary General of Glass for Europe, declared '**Health and safety are placed above all in the flat glass sector. In these troubled times, safety of people and security in industrial installations are essential. One must bear in mind that, since flat glass installations cannot be simply 'switched off' from one day to another, measures have to be implemented to avoid adding critical hazards to today's health crisis**'.

As public authorities across Europe design or re-evaluate measures to halt the virus and preserve health conditions, Glass for Europe calls for:

- A careful consideration for the realities faced by continuous production process industries, like flat glass melting, to ensure both health and safety in their industrial sites.
- Early preparation for the next stages is required so as not to endanger the integrity of industrial facilities and value-chains to preserve the ability to rebound once the health crisis over.

Ensuring health and safety in industrial sites

Throughout the flat glass value chain, many glass processing sites, be it for the automotive or the building sector, have been closed as the level of activity has dropped to unprecedented levels. In the sites which remained active, measures have been put in place to provide protective equipment and to ensure social distancing for workers.

The upstream **flat glass melting is a continuous production process** with large-scale industrial furnaces heated up to 1600 C°. These sites cannot be 'switched off' from one day to another for safety reasons. When production needs to be stopped, furnaces must be maintained hot, i.e. 'hot-holds' to preserve the industrial equipment. Bringing industrial furnaces to a cold would damage the equipment, which would have to be completely rebuilt to ever produce again. These operations require time (days and weeks) and the presence of a skilled workforce on-site.

Also due to the continuous nature of the glass melting process, it is essential that the supply of essential raw materials is guaranteed not to endanger installations. Flat glass furnaces require huge amounts of raw materials as the average capacity of a plant is over 650 tonnes a day. While these raw materials mostly come from Europe, the multiplication of health checks inside the EU borders dangerously delays and impedes supplies of raw materials.

To assist authorities, the following elements are needed to ensure the safety of industrial operations:

1. To ensure that protective equipment, and in particular gloves and masks, are made available in sufficient quantity for all necessary health precautionary measures to be fully effective on industrial sites, where on-site workforce presence is imperative, e.g. flat glass melting sites independently of whether they are producing, on 'hot holds' or gradually going to cold.
2. To provide the necessary derogations to flat glass melting sites when a decision is taken of closure of all non-health-and-food-indispensable industrial sites, so that necessary workers can still be allowed on-site the time needed to ensure the transition to 'hold-hold' and then to guarantee sites' safety.
3. When precautionary measures have been taken, employers' responsibility in case of claims that infections occur during presence at work, need to be clarified.
4. Trucks transporting raw materials essential to the safe functioning of continuous process industries should be allowed to use fast / green lanes, promoted by the European Commission.

Safeguarding the industrial value-chain for a future rebound

Europe should consider that an economic crisis will accompany the health crisis, potentially of a profound magnitude. While health and safety measures come first, it is important to consider as much as possible how the industrial stock and the viability of all actors in the flat glass value-chain can be safeguarded. Once the crisis over, it will be essential for Europe to be able to rebound, to restart production and to put people back to work under safe conditions.

The impact of the COVID19 virus outbreak on Europe's flat glass sector is likely to be colossal.

The main markets in volume for the flat glass industry are the construction and building market (75% in volume) and the automotive market (20% in volume).

- With all European assembly plants of car manufacturers stopped, **the automotive glass market** is likely to be close to zero for several months. This entails temporary plant closures in nearly all of Europe's automotive glass processing plants.
- In the building sector, one can witness a sudden and massive drop in demand for **building glass** all over Europe and in particular in countries with most stringent confinement measures in place. Slow-down and cessation of activity in the construction and window industry lead to subsequent plant closures in glass processing and Insulated Glass Unit assembly.
- One additional major source of concern is the ability of flat glass industry's customers, i.e. **small and medium size glass transformers and glaziers**, to survive the complete cessation of activity during the confinement period. Unless they are properly accompanied and supported, the risk of bankruptcy in the sector is high and has the potential to break this essential link in the value-chain.
- Because of the above trends, over-capacity of production in flat glass melting are likely to be unsustainable for several months, going beyond the confinement periods. While **flat glass**

melting activities may be placed on 'hot-holds', these operations are extremely costly since they entail zero saleable production but significant energy use and related CO₂ emissions.

The flat glass sector recognizes that its activity is not immediately 'strategic' to the fight against the COVID19 crisis. Yet, the situation is unprecedented and could have extremely damaging and longer-term effects.

It has the potential to exhaust flat glass manufacturers' cash flow rapidly. Although companies are multinational firms present throughout the globe, they will likely face similar impacts in North and South America, while the crisis is not yet completely over in Asia. It has the potential to largely destroy the flat glass value chain for some years, without supportive measures robust enough to safeguard the millions of SMEs in the construction and glazing industry throughout Europe.

Against this background, Glass for Europe calls for public authorities to realize the scale of impacts for the flat glass sector. Short-, medium- and longer-term measures are needed to protect Europe's industrial stock and maintain value chains afloat to allow for a rebound to happen once the crisis over.

1. To ease the administrative burden and the conditions for employers to recourse to temporary unemployment measures, due to the extremely fast-evolving nature of the COVID 19 health crisis and its economic impacts as well as the reduced company capacities, whose administrative teams are operating under 'home-working'.
2. To relax reporting requirements and deadlines under EU legislations, such as the EU ETS, as 'home-working' make it difficult to meet the deadlines. To assess the impacts of the unprecedented COVID 19 crisis on industrial CO₂ efficiency and to design adjustment mechanisms to normal EU ETS rules to avoid extra penalty on industries 'forced' to operate under exceptional CO₂-emitting 'hot holds'.
3. To strike the right balance between the necessary confinement measures and the need for an active workforce on the ground to maintain all of Europe's value-chains afloat with a minimum level of activity to allow a fast recovery, when possible.
4. To plan for a gradual restart of activities, taking into account that the supply of some key products, such as flat glass, will take a number of days and weeks before being back to normal, for example to be able to supply in sufficient quantities all types and shapes of automotive glass or building glass.
5. To massively inject liquidities into the economy, not limited to a few iconic sectors or those deemed strategic for facing the current health crisis, but also to safeguard the millions of SMEs active in the construction industry throughout Europe.

Glass for Europe is the trade association for Europe's flat glass sector. Flat glass is the material that goes into a variety of end products, primarily in windows and facades for buildings, windscreens and windows for automotive and transport as well as solar energy equipment, furniture and appliances. Glass for Europe brings together multinational firms and thousands of SMEs across Europe, to represent the entire building glass value-chain. It is composed of flat glass manufacturers, AGC Glass Europe, Guardian, NSG-Group and Saint-Gobain Glass Industry, and works in association with national partners gathering thousands of building glass processors and transformers all over Europe.