Statement Regarding Tariffs on Chinese Glass Containers

The Glass Packaging Institute testified and provided written comments in support of tariffs on Chinese glass containers imported into the United States. The request covered glass bottles and jars for the food, beverage and cosmetics industries. They were filed in response to the Office of the United States Trade Representative's (USTR) request for comments on the proposed Section 301 tariffs.

The GPI's comments highlighted the Chinese government's export-oriented industrial trade policies, and their adverse impact on the U.S. glass container manufacturing industry. Considerable evidence exists that Chinese glass container manufacturers have been supported for decades by various government subsidies that lower the cost of their production.

In the U.S., the glass container industry supports a highly-skilled hourly workforce at 43 plants. Domestic glass container manufacturing companies also spend considerable capital to ensure compliance with air quality and other U.S. regulations.

Given the longstanding and growing imbalance, the Sec. 301 investigation by the USTR on Chinese glass container imports, and subsequent imposition of tariffs, was warranted.

Q&As:

Q: Is there sufficient supply to meet customer demand, now that tariffs have been imposed?

A: Tariffs on Chinese glass containers will help level the playing field for domestic glass container manufacturers. U.S. customers should not be significantly impacted by the tariffs since there is domestic latent capacity, and glass containers are imported into the U.S. from other countries in addition to China.

Q: Will the tariffs increase the amount of glass containers produced in the U.S., or result in the opening of new plants?

A: We are optimistic the tariffs may expand production of glass containers. The domestic glass container manufacturing companies will adjust production levels based upon customer demand. Opening of new, or restarting of closed plants, is at the discretion of the manufacturing companies.

Q: Clearly, U.S. food and beverage companies are purchasing Chinese glass containers. Will the tariffs make them more likely to buy containers manufactured domestically?

A: Potentially. Many food, beverage and cosmetic containers head into ports for distribution throughout the U.S. An added cost for Chinese glass containers may help level the playing field, as domestic glass container plants contend with regulatory and in-state manufacturing costs not experienced in China, as well as tariffs imposed on domestic manufacturers for their product inputs, for example, glass moulds and machinery.

Q: What has been the impact of Chinese import practices on domestic glass container manufacturers?

A: It has added to the volume of Chinese glass containers in the U.S. by 40 percent over the past five years, while domestic glass container manufacturing plants saw a decrease in shipments of 8 percent in that same timeframe. Last year, China accounted for roughly half of all empty, unfilled glass containers imported into the U.S. The U.S. is the largest export market for Chinese glass containers.

The U.S. glass container manufacturing industry has had 11 glass container manufacturing plants close from 2005 to 2018. These closures represent 20.3% of the domestic glass container footprint, leaving 43 plants in 21 states.

Q: How much of the decline in domestic glass container production can be attributed to customers switching packaging (plastic for food, aseptic for wine and juice, aluminum for beer, etc.)?

A: While competitive packaging may play a role in reduced domestic glass container shipments to customers, "apparent domestic consumption" (the total amount of glass containers consumers are purchasing, including imports of glass containers and domestic shipments) is only down 3% over the past five years. In fact, imports are now so prevalent that from 2016 to 2017, the "apparent domestic consumption" of glass containers for all categories actually increased 1 percent!

Q: Is GPI concerned about retaliatory actions that may be taken by China in response to this inquiry and effort?

A: GPI is keenly aware of glass customer sensitives surrounding potential retaliatory efforts and has considered those implications prior to our Sec. 301 request. GPI believes the Sec. 301 investigation and tariffs were warranted and based in fact. While many of our companies have a global operational footprint, GPI represents the North American glass container manufacturing industry and the Sec. 301 request was initiated on behalf of our industry with those operations in mind.

Q: How have Chinese imports impacted domestic glass container employment?

A: Since 2005, 11 U.S. glass container plants have closed, which collectively employed over 3,650 Americans. This represents roughly 25.4 percent of the industry's current hourly workforce of 14,350**.** Chinese glass container imports have placed additional pressure on domestic glass container production.