

## **President's Report**

Dear readers

As 2020 is nearing its end, I think that many of us can't wait to put this year behind us. We have all been exposed, both professionally and personally, to a very trying period. Jobs have been lost, families have been unable to meet for months on end, and we had and still have to deal with an economic crisis of unprecedented severity. At the same time, I think that this exceptional situation has also offered us a great opportunity to rethink our lives – and the way we do things.

On a personal level, when dealing with the disruption the pandemic brought to my life, I can now see that I went through the five stages of grief. I have hugely missed traveling, both privately and professionally. I still miss it. Yet, once I reached the stage of acceptance, I have seen this as an opportunity to do all those things that I had always postponed. A year after his passing, I finally faced the painful but unavoidable task of going through my late father's possessions. This has triggered a major home decluttering and reorganizing project, followed by a few renovation projects. I spent my summer vacation and every free hour this fall covered in dust and paint, but at the end, what I will remember of 2020 instead of the trips not taken, and the time not spent with family and friends far away, will be all the home improvement projects that my husband and I completed.

This same positivity was a recurring theme during a very inspiring discussion on the post Covid-19 European lubricant industry at the UEIL virtual networking event that took place on October 29, where many people agreed that this crisis has forced us to do things in new ways – the unthinkable acceleration of digitalization and adoption of remote working in our very traditional industry being only the most evident example.

I hope you will all bring these newly achieved skills and this creativity with you into 2021, which will hopefully be a less challenging year.

Best wishes for a peaceful holiday season.

Valentina Serra-Holm

UEIL President

## **HSE Update**

The UEIL HSE committee meeting will probably take place again as a web conference in January, which does not make things easier, as a lot is due to happen at EU level, which must be discussed. The chemicals legislation REACH and CLP is about to be comprehensively revised. There is the clear tendency that nearly all chemicals become subject to a kind of restriction and only "essential uses" (whatever this means) are allowed. Some substances are only classified on the basis of their persistence without evaluating their toxicity, the so-called "P" criterium. The working group will discuss what

this means for our industry, as well as where and how we will bring in our expertise. As a first step of the new "green deal" chemistry, general restrictions of fluorocarbon and chlorine (MCCO) compounds are envisaged. UEIL representatives are involved in the consultations.

### **TC/CC Update**

The Technical and Competition Committees' Chairs and their members are keeping up the good work on the 21 cases currently open.

On the advocacy side, the Committees just participated in an online survey, commissioned by the European Commission and carried out by TRL and fka GmbH, which looked at updating the requirements on repair and maintenance information.

The Committees have also started to prepare UEIL's response to a second public consultation launched by the European Commission on the evaluation of the Motor Vehicle Block Exemption Regulation. The consultation, which opened on 12th October, will close on 25th January 2021. The European Commission will then issue its evaluation report which will mark the end of the retrospective evaluation of the current regime. The second phase of the process, namely assessing options for the future and choosing between them, will then begin.

The next meeting of the Technical and Competition Committees will take place on 27th January 2021.

### **Taxation Task Force Update**

The European Commission is currently reviewing the Energy Taxation Directive that was withdrawn by the European Commission in 2015 (as the file was blocked in Council) and will publish a revised Energy Taxation Directive, probably in June 2021.

Related to UEIL's objective to prevent the inclusion of lubes under EMCS, certain EU Member States are concerned about increased fraud with lubes in Europe and are once again increasing the pressure to include lubes under EMCS. UEIL will continue its outreach to the EU Member States in the coming weeks to express its concern and will discuss with the European Commission the option of a definition of 'light lubes' that might be included under EMCS.

Finally, the European Commission decided to extend the quota on GP II of 400 tonnes annually until 30 June 2021. UEIL is actively lobbying for a higher quota as the demand is higher than the supply in Europe on GP II and for lubricant blenders it is very difficult to change from one producer to another. In Q4 2020 EU Member States will continue their decisions on the level of the quota on GP II after June 2021.

### **UEIL Virtual Networking Event**

On Thursday 29 October, UEIL hosted its (first ever) virtual networking event which gathered 140+ participants from across the world!

Entitled "*UEIL: Our contribution to Europe's sustainable future*", the event was the opportunity to discuss key questions for the lubricants industry, such as the challenges and opportunities posed by COVID-19 as well as upcoming EU legislation that is likely to impact the lubricant industry.

Industry experts actively engaged with UEIL's activities and provided updates on key initiatives around:

- Circular Economy
- Energy Taxation
- Access to Technical Information and the Motor Vehicle Block Exemption Regulation
- Health & Safety

Speakers' presentations were followed by exchanges in breakout rooms where participants had the opportunity to discuss these issues in an informal setting.

Despite the difficult circumstances and although UEIL had to cancel its traditional Annual Congress this year, the event was a fantastic occasion to catch-up with industry peers and we look forward to repeating the experience!

The presentations from the event are available here: <https://www.ueil.org/events/ueil-virtual-networking-event/>

## **EU Update**

### **EU Heads of State agree on 2021-2027 budget and European Recovery Plan**

On 10 December, the European Council found an [agreement](#) on the EU's Multiannual Financial Framework (MFF) for 2021-2027 and the Recovery Plan. Member States can now proceed with the ratification of the Own Resources Decision, which allows the Commission to borrow on the markets under the €750-billion Recovery Plan. The European Parliament still needs to approve the MFF, the EU's €1.1 trillion seven-year budget, but MEPs involved in the negotiations already expressed their satisfaction with the deal. In total, up to €1.8 trillion will be spent by 2027 to boost the EU's economy in the face of the COVID-19 pandemic and, at the same time, to make European economies more sustainable and digital, partly thanks to the €750 billion recovery fund.

### **European Council finds consensus on updated 2030 emissions reduction target**

On 11 December, the European Council [endorsed](#) a binding collective EU target of a reduction of at least 55% in greenhouse gas emissions by 2030, as proposed by the European Commission in its Climate Target Plan in September 2020. Negotiations on the reduction target had been stalling over the past months, mainly over disagreements regarding the enabling framework of how to help EU countries, especially the poorer and more fossil-fuel-dependent Member States, in their energy transition. The final agreement

reassures financial and regulatory support, as well as the use of nuclear and natural gas technologies as transitional measures. Additionally, the deal calls for a reform of the EU Emissions Trading System (ETS), and specifically the Modernization Fund, to provide more support for coal-reliant countries. The EU's updated climate goal will now be written into a draft European Climate Law and transmitted to the United Nations at the end of the year as the bloc's formal commitment under the Paris Agreement. The updated emissions reduction target will significantly influence the roll-out and review of EU sectoral climate legislation expected for next year.

### **European Commission publishes EU Strategy for sustainable and smart mobility**

On 9 December, the European Commission published a comprehensive '[Sustainable and Smart Mobility Strategy](#)' together with an action plan of 82 legislative and non-legislative initiatives that will be taken over the next four years. The strategy outlines the plan for the EU transport system to achieve its green and digital transition. By 2030, the Commission aims to have at least 30 million zero-emission cars and 80 000 zero-emission lorries in operation and by 2050 nearly all cars, vans, buses as well as new heavy-duty vehicles will be zero-emission. The final objective, in line with the European Green Deal, will be a 90% cut in emissions by 2050. This will be achieved by making all transport modes more sustainable, making sustainable alternatives widely available in a multimodal transport system and by putting in place the appropriate incentives. Actions that will be taken at EU level will include measures to reduce the current dependence on fossil fuels by replacing existing fleets with low- and zero-emission vehicles and boosting the use of renewable and low-carbon fuels. In addition, the EU will increase the support to shift activity towards more sustainable transport modes, for example by shifting a substantial amount of freight onto rail and inland waterways. Moreover, there will be a push to fully internalise the negative externalities through carbon pricing mechanisms and infrastructure charging. All external costs of transport within the EU should be covered by the transport users at the latest by 2050.

### **Brexit update**

Despite months of intense negotiations, the political differences between the EU and UK on issues such as level playing field provisions, governance and fishery, could still not be overcome. After an inconclusive meeting between Prime Minister Boris Johnson and President of the European Commission Ursula von der Leyen on 10 December, the European Commission has now published the Union's no-deal [contingency plans](#) and the legislation to support them. With Member States remaining aligned on the position that no deal would be preferable to a bad deal and that there is no chance of an extension of the transition period beyond 31 December, it is unclear whether the last stretch of negotiations will yield results.

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