

President's Report

Dear Friends,

We are facing an unprecedented time of uncertainty and confusion.

When I was in London for the Icis conference I truly believed that the worst of the coronavirus was over, as we were seeing the first signs of a slowing down in China. I would never have believed that now, less than a month later, I would find myself wondering when I would be able to visit my family and friends in Italy and constantly fearing for their well-being.

This situation also made me realize that I had taken for granted the essential role that traveling plays in my life – both on a personal and professional level. I always thought that it didn't matter where I was in the world, because everybody and everything was just a flight away. The outbreak of the coronavirus is showing us how vulnerable we really are.

I personally believe that the best we can do right now is to undertake any reasonable measure to protect our colleagues, our friends, and our community at large, and do our best to make sure that our companies and our industry navigate this challenging period in the best possible way (for some it seems that the best thing to do right now is to stock gigantic quantities of toilet paper – but then again, we all have different priorities).

While several countries are closing borders to contain the spread, I am witnessing the amazing power of friendship and solidarity that reaches across borders. I have received messages from all over the world, which proved once again what a great community the lubricant industry is – from Asia to the US, from South America to many European countries. Messages checking up on how I was, if my relatives in Italy were OK, but also many messages just telling me to stay safe and keep in touch until we can meet and be together again.

It is the strength of interpersonal relationships, the energy, the positivity, and the resilience that emanates from these messages that makes me believe that, in spite of the difficult time we are going through, we will emerge from this situation stronger than ever, as individuals and as an industry.

Valentina Serra-Holm

TC/CC Update

The first 2020 meeting of the UEIL Technical Committee took place in Brussels on 22 January. This was the first gathering under the new chairmanship of Helga Laporte, and the entire Committee would like to express its gratitude and thanks to Ad Van Genderen, who undertook this responsibility for two years (2018 and 2019).

As a reminder, Technical and Competition Committee meetings are combined. Hence, the 22 January gathering provided the opportunity for members of both Committees to exchange views and decide the follow-up on various technical and competition cases.

Overall, both Committees are currently undertaking 27 cases – 67% of which are related to the automotive sector, and access to technical information remains the main issue. Other topics on the agenda included the evaluation of the Motor Vehicle Block Exemption Regulation.

In addition, two OEM Bulletins were published during the December 2019-January 2020 period, namely Hitachi Construction Machinery and PSA.

Taxation Task Force Update

The European Commission is currently reviewing the Energy Taxation Directive that it withdrew back in 2015, as the file was blocked in Council, and will publish a revised Energy Taxation Directive probably in Q2/Q3 2020.

Related to UEIL's objective to prevent the inclusion of lubes under EMCS, certain EU Member States expressed their concern 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 Member States in the coming weeks to express its concern and will propose a new definition of 'light lubes' at the request of the Member States.

Finally, the European Commission has decided from 1 January 2020 to set an annual quota of 400 tonnes for Gp II between 150 and 650. UEIL is actively lobbying against this decision as it will have a negative impact on the competitiveness of SMEs, and business figures show there is still a shortage of Gp II in Europe in 2020. The first chance that the quota can be revised is from 1 July 2020.

UEIL Congress 2020

UEIL 2020 Congress will focus on Sustainable Growth in the Lubricants Industry

This year, the Union of the European Industry of Lubricants will hold its annual Congress in Athens, Greece from 28 to 30 October 2020.

Building on the success of last year's event where participants discussed positive disruption in the lubricants industry, this year's Congress will assess how Europe's sustainability drive is set to impact the sector.

Key themes on the agenda include sustainable mobility, bio-based lubricants, 3D printing and feedstock selection. Participants will also hear about technical trends and regulatory challenges in areas like counterfeiting, quality management as well as the EU ecolabel. Check out the event programme and more information on the UEIL website.

We would like to thank all the sponsors that have already offered their precious support for the 2020 UEIL Congress! For those still looking to increase their visibility in the lubricants industry, please consult the Congress Sponsorship Brochure.

Save the date as registrations will open later in the Spring!

EU Update

Brexit

The UK officially left the EU at midnight on 1 February 2020 and is therefore no longer an EU Member State. During the transition period, which started from this date and is provisionally due to last until 31 December 2020, all EU legislation will still apply to the UK, and the country will remain a member of the Single Market and the Customs Union. Brexit reduces the number of EU Member States to 27.

The European Green Deal

Ursula von der Leyen, President of the European Commission (EC), gained Parliamentary support in July 2019 by promising to put climate action at the heart of the next European Commission and present a European Green Deal (EGD) within her first 100 days. Given the one-month delay in taking office, the Commission published its Communication on the European Green Deal after only 10 days, on 11 December 2019.

The Communication includes an initial roadmap of the key policies and measures needed to achieve the European Green Deal, which is to be updated as needs evolve and the policy responses are formulated. An accompanying annex provides an indicative timeline of expected policies, initiatives, and strategies.

Key recent developments under the European Green Deal:

The European Climate Law: On 4 March 2020 the European Commission presented its proposal for a European Climate Law – legislation that will legally bind the EU to its 2050 carbon neutrality objective.

Key points of interest for our industry:

- Following a comprehensive impact assessment, the Commission will propose a new 2030 greenhouse gas (GHG) reduction target and set a 2030-2050 trajectory for GHG reduction.
- By June 2021 the Commission will review, and where necessary propose to revise, all relevant policy instruments to achieve the additional emission reductions for 2030.
- By September 2023, and every five years thereafter, the Commission will assess the consistency of EU and national measures with the climate-neutrality objective and the 2030-2050 trajectory.

The European Industrial Strategy: On 10 March 2020 the European Commission presented the new European Industrial Strategy with the aim of making Europe's businesses future-ready and achieving the objective of a globally competitive, green, and digital Europe. The package, consisting of an industrial strategy and other papers on SMEs and the

internal market, identifies building a more circular economy as one of the key actions to address the twin challenges of going green (and digital) while maintaining economic competitiveness.

The strategy consists of the following initiatives:

1. A New Industrial Strategy for Europe
2. A SME Strategy for a sustainable and digital Europe
3. Identifying and addressing barriers to the single market
4. Action Plan for better implementation and enforcement of the single market rules

Key points of interest for our industry:

- There will also be a new chemicals strategy for sustainability that will help better protect people and the environment against hazardous chemicals and encourage innovation in the sector, with the aim of developing safe and sustainable alternatives.
- The Commission plans to enhance Europe's industrial and strategic autonomy by securing the supply of critical raw materials through an Action Plan on Critical Raw Materials.

The Circular Economy Action Plan: on 11 March 2020, the European Commission adopted a Circular Economy Action Plan as part of the EGD. The Plan focuses on the design and production of a circular economy, with the aim of ensuring that resources are kept in circulation for as long as possible.

Key points of interest for our industry:

- In 2021 the Commission will put forward a legislative proposal for a sustainable product policy initiative to improve product durability, reusability, upgradability, and reparability, addressing the presence of hazardous chemicals in products and increasing their energy and resource efficiency.
- The Commission will consider the most effective measures to ensure the collection and environmentally sound treatment of waste oils. This means the review of the rules on proper treatment of waste oils is expected in 2022.
- The Commission will this year announce further measures to further support the transition to a circular economy through the Skills Agenda, the forthcoming Action Plan for Social Economy, and the Pact for Skills.