

President's Report

Dear readers

In normal circumstances right now I would be working on the last arrangements for the UEIL Annual Congress that was scheduled to take place in Athens from 28 to 30 October. Unfortunately, due to Corona, the UEIL Board of Directors took the unprecedented decision to cancel this year's Annual Congress. It was a very difficult decision, as we had been working on the program since last October and had introduced new elements to make the Congress even more valuable for all the participants, and I was very much looking forward to it.

As my current mandate as President is coming to an end, I was also looking forward to presenting the highlights from the last two years and sharing our plans for the next two-year period. As this is not possible, I will take this opportunity to share some of this information below.

There are many initiatives that have been carried out during this period, and once again all the **Committees** have done a terrific job in working on some pressing issues for our industry – conducting advocacy campaigns, driving access to technical information, working for a level playing field for our industry, supporting the safe use of lubricants, developing reliable data for our industry, and much more. On behalf of the UEIL Board of Directors and myself, I would like to thank all those who have put their knowledge and time at the service of the Association in the various Committees, as well as all the companies whose representatives participate. The Committees play a key role in driving the growth of the European lubricant industry, to the benefit of our members and of the industry at large. If you would like to know more about the work of a specific Committee or would like to bring forward a topic you would like to address, please feel free to reach out to me, the Secretariat, or one of the Committee's Chair.

There are two initiatives that I would like to highlight, as they are **important milestones** for our Association.

First, the development and implementation of our **new communication strategy**. As our industry is difficult to explain to decision-makers, far away from consumers, and often connected to a "dirty industry", developing a clear message and effective communication tools is extremely important, especially since the European political debate is emotionally charged and facts are not always used for policy development. It is of key importance for the future of our sector to address misconceptions and take a bolder approach to communications. With a clearer strategy, UEIL can be more proactive in defending the reputation of the sector, expanding networks, and managing increasing regulatory uncertainty and complexity. Our strategy is based on three pillars: (1) **educate** external stakeholders about the sector, correct misconceptions and explain the value; (2) **sharpen the profile, increase UEIL's visibility**, and become a go-to association for policy-makers & influencers; (3) **convince current (and potential new) members** of the value and importance of UEIL.

We keep the world turning – We care about our impact – We drive growth and innovation are the three key elements of our story.

A second important initiative I would like to highlight is our work on **sustainability**. In 2019 we created a Sustainability Task Force composed of experts representing the whole value chain, with the task of defining the UEIL sustainability roadmap and strategy. In 2020, we established a Sustainability

Committee to build on this work and define what “caring about our impact” really means for our industry. A very important task will be to create a framework for our members, with a focus on SMEs, which represent the core of our Association and of the European lubricant industry. For each strategic pillar (Environment, Health and Safety, Economy and Society), we should develop sustainability guidelines and KPIs.

Another important element will be to communicate to external stakeholders and policymakers that our industry cares about our impact and about making a difference in the long-term. This is a very important milestone for our association, and I dare say for the European lubricant industry at large. As the European Commission has made sustainability the core of its political agenda and launched the EU Green Deal, it is essential that we take the lead in defining, developing, and measuring sustainability in the European lubricant industry and that we communicate to external stakeholders that we care about our impact. As UEIL President, I am very happy to be part of this sustainability journey. I am proud to work in this industry and am a firm believer in the value we generate for society, and I think that it is important that we become better at communicating this to external stakeholders.

Looking ahead, in addition to the important advocacy work that is essential to the growth of our industry, we will focus our efforts on **sustainability** and **communication**, to further build on the work we started.

Finally, I would like to take the opportunity to thank all those that are making my journey as UEIL President such an amazing learning experience, both on a professional and a personal level – my colleagues on the UEIL Board of Directors, the Chairs of the Committees, the Secretariat, and all the Committee members who through their work are contributing daily to drive the sustainable growth of the European lubricant industry – an industry that is a valuable asset to society and economy in Europe and beyond.

Valentina Serra-Holm

UEIL President

HSE Update

Like many other workgroup meetings, the HSE committee meetings are currently held as video conferences, but we are very much looking forward to the next physical meetings in Brussels, perhaps in January 2021. In the meantime, the ECHA continues to legislate on chemicals. The 15. ATP on CLP was issued in August without the expected change in the concentration limit for boric acid, but with the new concentration limit of 15ppm for the widely used biocide isothiazolinone. The HSE group would also like to remind members to review the consultations on microplastics and fluorocarbons. The intention is to restrict the use of microplastics in both articles and lubricants, which could pose a serious problem for some grease formulations, as could the envisaged limit for some fluorinated hydrocarbons.

GEIR Update

After several years at the head of GEIR, Christian Hartmann stepped down from his role as GEIR President to pass the reins to Marco Codognola, CEO of Itelyum.

Marco, a qualified electronic engineer, spent a significant portion of his career in sales, business development, and M&A, working for the main players in the energy sector (conventional and renewables). He joined Viscolube in 2012, where he headed the growth and diversification process

of the company which resulted in Itelyum Group, now active in regenerated base oil production, solvent and chemical purification, and industrial waste management.

His involvement in GEIR activities as a member of the Steering Committee, alongside former GEIR Presidents Detlev Brunhke and Christian Hartmann, coupled with his international and technical experience, make Marco an excellent fit for this leadership position.

As new GEIR President, Marco committed to further the successful work undertaken by his predecessor. In that regard, he is already rolling-up his sleeves to contribute to a decisive technical study on waste oils, the conclusions of which will feed into the European Commission's related feasibility assessment, which is intended to determine if the EU should establish a waste oil regeneration target. Commissioned by the Joint Research Centre (the scientific body of the European Commission), the study will be conducted by independent contractors over the next six months.

TC/CC Update

The Technical and Competition Committees held a virtual meeting on 16th September, during which members were updated on the latest developments concerning the open cases and agreed on a series of next steps to ensure swift progress.

The meeting was also the opportunity for the Technical Committee to elect a new Chair, following the announcement by Helga Laporte that she would step down from her role at the end of August. The Technical Committee unanimously welcomed the candidacy of Nigel R Bottom, Group Managing Director at the Witham Group and member of the United Kingdom Lubricants Association (UKLA), whose application was formally approved the next day by the UEIL Board. We would all like to thank Helga for her outstanding work at the head of the Committee and are looking forward to a fruitful collaboration with the new Chair.

On the advocacy front, following UEIL's response to a survey carried out by Ernst & Young as part of the evaluation of the Motor Vehicle Block Exemption Regulation, members are now awaiting the opening of a second consultation to be launched by the European Commission towards the end of the year. DG Competition recently confirmed that its evaluation report will be issued in 2021 and that it would 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 27 January 2021.

Taxation Task Force Update

The European Commission is currently reviewing the Energy Taxation Directive that it withdrew in 2015 (as the file was blocked in Council) and will publish a revised Energy Taxation Directive, probably in Q1/Q2 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 Member States in the coming weeks to express its concerns and will propose a new definition of 'light lubes' as requested by Member States in Q1 2021.

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 discussions on the level of the quota on GP II.

UEIL Virtual Networking Event

On 29 October 2020 from 4pm to 6pm, UEIL will host an interactive virtual event based on the theme "UEIL: Our contribution to Europe's sustainable future".

The event will provide an opportunity to engage with industry peers, UEIL members, and the UEIL Board of Directors, and address key upcoming EU legislation such as the Circular Economy Action Plan and the revision of the Energy Taxation Directive. Participants will also be invited to discuss the challenges and opportunities posed by COVID-19 for the lubricants industry. This will be followed by exchanges in topic-specific breakout rooms and virtual drinks, allowing participants to discuss these issues in an informal setting.

UEIL members will receive more details about the event in due course, including how to register and connect. Additional information can also be found on <https://www.ueil.org/>

EU Update

EU leaders agree on long-term budget and recovery plan

On 21 July EU Member States [agreed](#) on a proposal from the European Commission on the multiannual financial framework (MFF) 2021-2027, the EU's long-term budget, and Next Generation EU, a €750 billion recovery fund to overcome the crisis inflicted by the pandemic. The recovery fund, to be composed of €390 billion in grants and €360 billion in loans, will be attached to a new €1.074 trillion seven-year budget, bringing the total financial package to €1.82 trillion. The final agreement is currently subject to interinstitutional negotiations (trilogues) between the European Parliament and the Council of Ministers, representing the EU Member States. The European Parliament [is calling](#) for an additional €110 billion to be added to the MFF, as well as a legally binding declaration to introduce new own resources for the EU to repay the recovery borrowing. The co-legislators are aiming to conclude an agreement before the end of the year.

European Commission college reshuffled after resignation of Trade Commissioner

On 26 August EU Commissioner for Trade Phil Hogan (Ireland) [resigned](#) over violations of coronavirus travel restrictions, forcing European Commission President Ursula von der Leyen to reshuffle her team. Valdis Dombrovskis, European Commission Executive-Vice-President and previously Commissioner for financial services and stability, was nominated as the new Commissioner for Trade. Dombrovskis, a centre-right European People's Party (EPP) politician, is a two-term European Commissioner and former Prime Minister of Latvia. In addition to his new trade job, Dombrovskis will retain his oversight over the eurozone, economic and social policy, as well as digital taxation. Following nominations by the Irish government, the Commission [proposed](#) MEP and European Parliament First Vice-President Mairead McGuinness for the position of Commissioner for financial services and stability. Also from the EPP, she has significant political experience on EU issues, having been an MEP since 2004 and the EPP's lead negotiator in Parliament on the reform of the EU's Common Agricultural Policy. Both the change in Dombrovskis' role and the appointment of McGuinness will require a confirmation vote by the European Parliament.

European Commission ramps up climate ambition for 2030

On 16 September, European Commission President Ursula von der Leyen confirmed in her [State of the Union address](#) that the European Commission will propose an increase to the EU's 2030 GHG emissions reduction target to at least 55% as part of a broader plan to achieve climate-neutrality by 2050. The following day, Frans Timmermans, Commission Vice-President for the European Green Deal, and Kadri Simson, Commissioner for Energy, presented the Commission's [impact assessment](#) and a [detailed plan](#) on all relevant policies that will be reviewed, ranging from agriculture to energy and transport. Notably, the Commission will propose an expansion of the EU Emissions Trading Scheme (ETS) in the aviation, maritime transport, road transport and buildings sectors, with the goal to eventually include all emissions from fossil fuel combustion. The Commission will also look at increasing the CO2 reduction targets for carmakers, setting a phase out date for combustion engine cars, and pushing cleaner fuel options under the Renewable Energy Directive and the upcoming ReFuelEU initiative. The Commission will come up with several legislative proposals by June 2021 and has pledged that 37% of the new €750 billion Next Generation EU fund will be allocated to ensure the success of these climate objectives.

Asian lubricant industry group announces new Council

The Asian Lubricant Manufacturers Union ([ALMU](#)) is pleased to announce the newly elected ALMU Council for the 2020-2022 term. Mr Tan Pai Kok, Vice President Operations, Lubricant, at Total Oil Asia Pacific Pte Ltd, will serve as ALMU Chairman. Mr Tan has over 30 years' experience in the lubricant industry covering both business & supply chain, with the last 10 years in senior management roles. His expertise will be vital in guiding the organisation through what will be a turbulent time for our industry.

Mr Tan will be ably supported by Mr Wang Zijian, Dr T.C.S.M Gupta, and Mr David A. Barned who will act in a joint capacity as Vice-Chairman of ALMU. Mr Wang Zijian is Head of Overseas Business and Marine Oil Department at PetroChina Lubricant Company where he has been working in a managerial capacity since joining in September 2001. Dr T.C.S.M Gupta is Apar Industries Limited's Senior Vice President – Quality, R&D and Technical, and offers a strong background in quality control and assurance, manufacturing, product development and technical support. Mr David A. Barned, Global Vice President – Operations & Supply Chain at Master Fluid Solutions, joined the ALMU Council in 2020. He has extensive leadership experience from over 27 years with Master Fluid Solutions and will bring a fresh perspective to the organisation.

Dr Ho Leng Woon, Chairman of AP Oil International Ltd, Ms Sharmini Lohadhasan, Counsel - Brands at BP Singapore Pte Limited, Mr M Mukul Hossain, Chief Executive Officer at MJL Bangladesh, Mrs Mia Krishna Anggraini, Vice President, Overseas, PT Pertamina Lubricants, and Mr Keesu Ryu, General Manager, Technology Group at SK Lubricants Co., will continue their involvement with ALMU and will enter a second term on the Council. New to the ALMU Council is Mr Kwok Yew Meng, Global Marketing & Technical Services Manager at Gulf Oil Marine Limited.

ALMU would like to acknowledge the efforts of Dr Ho Leng Woon, immediate past chairman of ALMU, and the outgoing ALMU Council who served during the preliminary Council term and have helped establish our burgeoning Asian lubricant trade association.

“Thank you to our newly elected ALMU council members for your commitment to advancing the Asian lubricant industry,” says Steve Puckett, one of ALMU's founding directors, who is tasked with the governance of the trade association. “ALMU will play an important role in supporting our members during the post-Covid recovery of the lubricant industry. We welcome your expertise into our organisation to help us on this journey.”

ALMU has five subcommittees that are the working foundation of the organisation. ALMU would also like to acknowledge the newly appointed subcommittee chairs for their leadership in implementing the key programs of the organisation.

The new ALMU subcommittee chairs are:

Events & Activities - Mr Watcharapong Pathompanich (Alex), Business Development Manager – P.S.P. Specialties Co., Limited;

Governance, Best Practices & International Relations -- Ms Sharmini Lohadhasan; Membership -- Mrs Mia Krishna Anggraini;

Professional Development -- Dr Ho Leng Woon;

Technology & Information -- Dr T.C.S.M. Gupta.

For more information, please visit our website:

<http://www.asianlubricantmanufacturers.org>

ABOUT ALMU

ALMU represents the combined interests of Asian lubricant manufacturers and provides services to help members grow their businesses. We endeavour to become the principal voice of the Asian lubricant industry as we unite around unprecedented challenges such as - smarter regulation, the advancement of manufacturing, protecting members' interests, maintaining quality alongside speed to market, and overcoming external threats such as oil counterfeiting. By encouraging collaboration and membership from independent, national, and major oil companies we can more effectively advance our collective interests and overcome key obstacles facing our industry. ALMU is moving the Asian lubricants industry forward, together.

