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June 2020

Message from the President



Dear reader,

As European countries are beginning to lift lockdowns and re-opening businesses after flattening the Coronavirus curve, we are now facing the challenge of imagining a post Covid-19 return in an environment where a vaccine has yet to be found and

economies are still unsteady. In this context, what is the outlook for SMEs, which form the backbone of UEIL and, more broadly, the European economy?

We are often led to believe that the size of SMEs makes them more vulnerable to a crisis because of their lower access to resources. Yet SMEs have some unique traits that enable them to be resilient in a crisis. SMEs actually have an advantage over larger companies since they normally have shorter and nimbler processes, quicker decision-making processes, and less bureaucracy.

A key success factor for SMEs in the new normal will be their ability to combine this flexibility and elasticity with technology and innovation, leveraging digitalisation, optimising the supply chain, and adapting their product and service offering.

This crisis has forced digitalisation upon all companies – even the most traditional. Without access to digital platforms which support remote working, companies would not have been able to safely continue operations during the peak of the pandemic. Today companies are able to build on this learning and further integrate digitalisation in their operations and offering. The importance of digital channels for B2B companies has grown significantly in recent years and has dramatically increased since the COVID-19 crisis.

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Technical and Competition Committees

Since the beginning of the year, the Technical and Competition Committees have closed four cases and continued to work on the remaining 22 cases currently open.

The Committees met virtually on 27th May to discuss current priorities, 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 discussions also touched on the latest ATIEL activities, after which members were briefed on UEIL's recent advocacy efforts. The Committees have been engaging in the ongoing evaluation of the Motor Vehicle Block Exemption Regulation (MVBER), calling for fair and healthy competition in the automotive sector, and more specifically its aftermarket. In recent weeks UEIL members have been providing input to an external survey on this topic carried out by Ernst & Young.

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Health, Safety & Environment Committee

The spring meeting of the HSE group in May was canceled and replaced by a web conference. Thanks to our office in Brussels, it went very well.

The corona outbreak will have a tremendous impact on the lubes business, especially for fluids used in production such as metalworking fluids (MWF). Some fear that MWF could become contaminated with high doses of the virus, but this is highly unlikely. Viruses cannot grow without host organisms, and MWF contain emulsifiers and alkaline substances to which the virus is sensitive. Today, for hygiene reasons, hands often have to be washed with skin care products after cleaning to protect the skin from damage, otherwise certain chemicals, including lubricants, could cause dermatitis.

In 2020, the European Commission is expected to decide on the 16th Adaptation to Technical Progress (ATP) of the CLP Regulation.

Taxation Task Force

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 Q3 2020.

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 EU Member States in the coming weeks to express its concern and will propose a new definition of 'light lubes' as requested by Member States in Q3 2020.

Finally, the European Commission has decided from the 1st of January 2020 to set a quota of 400 tonnes annually for Gp II. UEIL is actively lobbying against this decision as it will have a negative impact on the competitiveness of SMEs.

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GEIR Update: "The EU stays the course"

In the new rather uncertain economic environment created by the pandemic it is reassuring when decisionmakers stick with their pre-crisis plan. Luckily for the European waste oils re-refining sector, this is exactly what is happening at EU level.

The European Commission's science and knowledge service (the Joint Research Center – JRC, supporting EU policies with independent scientific evidence) recently published a call for tender to support its work on waste oils. Such study will feed in the long-anticipated Commission's assessment of the feasibility of setting a recycling target for waste oils, and the soon-to-be hired consultants, tasked with gathering "detailed technical and socio-economic data with regard to waste oil treatment options, including regeneration and energy recovery", will hand over their final report by the end of 2020.

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EU UPDATE

The European Commission publishes proposal on a revised MFF and Recovery Plan

On 27 May, as a response to the COVID-19 outbreak and its negative impact on society and the economy, the European Commission published its <u>proposal for a recovery plan</u>, including a dedicated €750 billion recovery fund and a revised €1.1 trillion budget (known as the Multiannual Financial Framework (MFF)) for 2021-2027. The Commission Communication states that "now is the time for our European Union to get back to its feet and move forward together to repair damage from the crisis and prepare a better future for the next generation." The adoption of the revised MFF is expected for December 2020.

The European Commission's revised 2020 Work Programme

On 27 May the European Commission published its <u>revised Work Programme for 2020</u>. While the main priorities that were set at the beginning of the Commission's mandate remain valid, the Commission now aims to refocus its work following the coronavirus pandemic and prioritise specific workstreams.

Brexit update

During the transition period which is due to last until 31 December 2020 (unless it is extended), EU law continues to apply to the UK. The European Chemicals Agency (ECHA) provides very useful <u>advice for</u> <u>companies on the UK's withdrawal from the EU</u> on their webpage!

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Call for sponsorship of the UEIL Newsletters

Dear Members and Partners of UEIL,

We would like to put out a call for interest for any members who are interested in sponsoring the September and/or December 2020 version of the UEIL newsletter.

As you know, this is our association's showcase publication and therefore represents an excellent opportunity for regular exposure and profiling your organisation.

Sponsorship of the newsletter includes your logo featured prominently on the newsletter, with a hyperlink taking the reader to your organisation's homepage.

If you'd like to find out more about this opportunity, please do let us know by sending an email to secretariat@ueil.org

Thank you and best regards, UEIL Secretariat

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