

UNION OF THE EUROPEAN LUBRICANTS INDUSTRY

Policy asks from the Lubricants sector **Keeping Europe Moving**



#KEEPINGEUROPEMOVING





UEIL brings together the lubricants industry in Europe, with a special focus on SMEs and independent companies, representing more than 35 associations, 450 companies and 100,000 employees covering the entire value chain, from manufacturing and distribution to recycling.

Our mission is to support informed policymaking by raising awareness among EU stakeholders about the value and benefit of the European lubricants industry for Europe's economy, society, and the environment.

Lubricants create a thin, protective film to separate different moving parts of machinery, so they do not come into contact with each other and create friction, heat and wear. Reducing friction, conserving energy, improving machine life and reducing emissions: lubricants lie at the heart of enabling a net-zero carbon and a sustainable European economy.

Lubricants are key to the success of Europe's industry and transportation systems, contributing 1.4% of European GDP annually.¹ No sector of the European economy is unimpacted by the quality and performance of lubricants.

Additionally, quality lubricants can make an important contribution to the decarbonisation of the EU's economy. When looking at the road transport sector alone, avoided emissions account for a 2-4% reduction in GHG emissions in the year 2020, compared with 2005. That is a figure which equates to almost 1% of the decarbonisation of the entire EU economy, with an expected additional 1 to 1.3 percent reduction by 2030.²

By taking advantage of new materials and lubrication technologies, energy losses due to friction and wear could potentially be reduced by 40% in the long term (15 years), and by 18% in the short term (8 years). Implementing advanced tribological³ technologies could in the short term reduce CO2 emissions globally by as much as 1,460 million tonnes of CO2 and result in 450,000 million Euros cost savings, and in the longer-term result in avoided emissions of 3,140 million tonnes of CO2 and cost savings of 970,000 million Euros.

We believe that lubricants are the bedrock upon which our industry and society are built. With the right policy and regulatory environment, we can truly unlock the potential of the sector for the benefit of this generation and for many generations to come.



¹ (vi) Tribology's contribution to CO2 reduction and sustainability, Shah and Woydt, 2020
www.fuelsandlubes.com/fli-article/tribologys-contribution-to-co2-reduction-and-sustainability/ (DW)

² (iii) <https://atiel.eu/wp-content/uploads/2021/04/DOC-20.pdf>

³ Tribology is the science and engineering of understanding friction, lubrication and wear phenomena for interacting surfaces in relative motion.

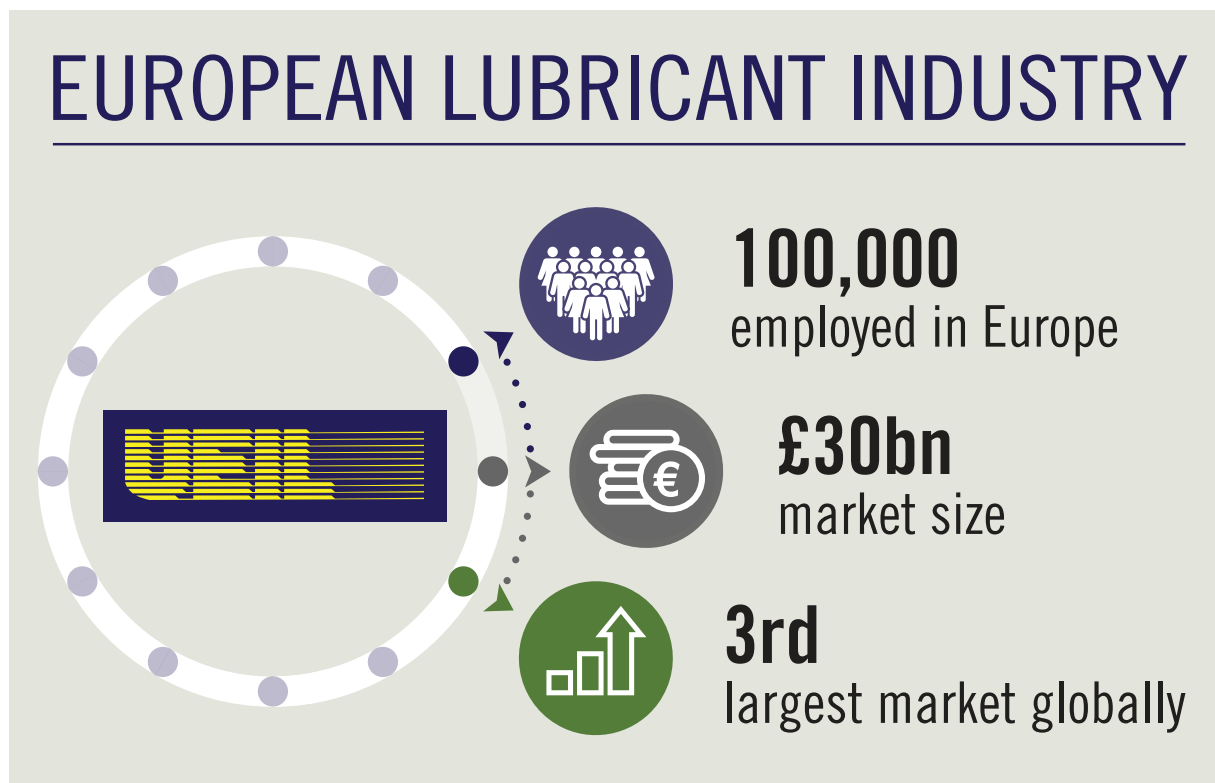


That is why, at the start of the EU mandate 2024-2029, we would like to put forward a set of priorities for the lubricant sector:

- ➔ 1. Put the Industrial Deal at the core of the new EU mandate
- ➔ 2. Help lubricants deliver the European Green Deal
- ➔ 3. Unleash the full potential of Europe's SMEs to boost long-term competitiveness
- ➔ 4. Address skills shortages in the sector through incentivising participation in STEM subjects at higher education

We look forward to working with you in the new EU mandate to deliver the right policy and regulatory environment and together unlock the potential of Europe's lubricants industry.

Mattia Adani, UEIL President





UEIL'S 4 PRIORITY ASKS FOR A SUSTAINABLE, PROSPEROUS & COMPETITIVE EUROPE

Below we set out our four-priority policy asks for the new EU mandate, to enable us to continue contributing to the building of a prosperous, competitive, and sustainable Europe.

1. Put the Industrial Deal at the core of the new EU mandate

In order for the lubricants industry to continue contributing to the building of a prosperous, competitive and sustainable Europe, we need a single EU industrial strategy that strengthens the integrity of the single market, while helping ensure we remain globally competitive.

Our first priority for the new EU mandate is for the EU to develop an Industrial Deal and pursue it simultaneously and with the same vigour as the EU's Green Deal. We will work with co-signatories of the Antwerp Declaration for a European Industrial Deal to ensure the Industrial Deal is at the core of the new EU mandate to revitalise Europe's industries, ensuring their competitiveness, sustainability, and resilience amid geopolitics risks and economic uncertainty.

We firmly believe a competitive European industry, based on a European Industrial Deal, is an essential pre-condition for the successful delivery of the EU Green Deal.

2. Help lubricants deliver the European Green Deal

Lubricants have a key role to play in delivering the Green Deal. The lubricants industry plays a important part in achieving an effective Single Market to foster efficient Energy-Climate Policies (one of goals mentioned in the Letta report). Our industry can accelerate the EU's green transformation through clean products and technologies and contribute to the strategic and sustainable development of the transport sector.

The effective use of lubricants results in higher levels of energy efficiency, energy savings and lower GHG emissions over the lifespan of equipment.

Lubricants play a key role in scaling up the EU's manufacturing capacity for the net-zero products and technologies required to meet Europe's ambitious climate goals. From wind turbines to electric cars, many new green technologies rely heavily on the innovative lubricants produced by UEIL members. We look forward to working with EU policymakers to ensure that our industry can continue to play this critical role.

Our sustainability manifesto contains a number of commitments to help our members drive sustainability within their organisations and we are developing sustainability guidelines and KPIs. We provide consumers and end users with the necessary reliable information which ensures both the safe use and responsible disposal of our products.

Groupement Européen de l'Industrie de la Régénération (GEIR) is the European re-refining industry section of the Union of the European Lubricants Industry (UEIL).



GEIR members are actively engaged in the collection of waste oils and their re-refining into valuable lubricant base oils. They play a vital role in the circular economy, resource conservation, and the fight against climate change by reducing the carbon footprint of lubricants.

Re-refining represents not only the most eco-friendly way to treat waste oils in comparison with alternatives (e.g., incineration and bunker fuel), but it also sits higher in the ‘waste hierarchy’. To reinforce the waste hierarchy and increase waste oils circularity, GEIR proposes to:

- Establish high, mandatory, and EU-wide collection and regeneration targets for waste oils.
- Ban or, at least, restrict the use of waste oils for energy recovery and recycling operations which have a negative environmental performance and yield a different product than re-refined base oils.

In response to increasing regulatory, consumer, and manufacturer demands for product carbon footprints, UEIL and ATIEL developed the world’s first standardized methodology for calculating the PCF of lubricants and other specialty products. This initiative, independently validated by TÜV Rheinland, aligns with the European Green Deal’s objectives.

Case Study – PCF Methodology

In January 2023, a Task Force comprising of UEIL and ATIEL members, external advisors, and Carbon Minds, created a harmonized cradle-to-gate PCF methodology. Published in November 2023, this ‘Methodology for Product Carbon Footprint Calculations for Lubricants and Other Specialties’ ensures transparency and consistency across the entire supply chain. It allows industry actors to analyze and reduce the carbon emissions associated with their products, enhancing efforts towards greenhouse gas reduction.

The validation by TÜV Rheinland established this methodology as an international standard, providing the global lubricants industry with a reliable and transparent approach to cradle-to-gate PCF calculations.



3. Unleash the full potential of Europe's SMEs to boost long-term competitiveness

UEIL represents more than 450 small and medium-sized companies (SMEs), which account for 30% of the automotive oil market share, engaged in the manufacture and distribution of lubricant products throughout the EU.

We strongly support the EU's SME Strategy and its objective to improve market access for Europe's SMEs as the backbone of the EU economy, employing around 100 million people, and accounting for more than half of Europe's GDP.

Good progress has been made and we look forward to continuing our work with the EU institutions in the new EU mandate to fully implement the EU's SME Strategy, to unleash the full potential of Europe's SMEs as the powerhouse of the European economy.

We welcome the European Council's calls for a new horizontal Single Market Strategy and a new Competitiveness Deal in the new EU mandate, which would set out the concrete measures to remove unnecessary barriers and burdens to business and trade, and to continuously improve the implementation of existing Single Market rules, with a special focus on SMEs.

The EU regulatory framework should ensure legal predictability, be better integrated and ensure regulatory coherence across policy areas, be open to innovative approaches, while reducing overregulation and unnecessary administrative burdens.

We therefore support the calls by the European Council for the Commission to significantly reduce administrative burden for companies, provide greater long-term planning certainty and sufficient lead time and a more reasonable pace of regulation.

Single Market rules must be better put at the service of enhancing Europe's manufacturing, industrial and technological base, to strengthen Europe's economic resilience and its global competitiveness, technological leadership, and attractiveness as a business location.

UEIL believes a fairer, more stable, and more transparent regulatory level playing field will help European industry seize the opportunities of net-zero carbon, digitalisation and circularity.

4. Address skills shortages in the sector through incentivising participation in STEM subjects at higher education

Europe is under-served by the number of graduates of higher education in Science, Technology, Engineering and Mathematics (STEM) subjects, leaving too many employers chasing too few candidates.

According to recent research, the chemical industry will face a deficit of skilled workers by 2030 and an 11% labour shortage in 2030, entirely related to STEM disciplines.⁴ Only one in five young people in Europe graduates from STEM tertiary education today, which is less than two million STEM graduates a year, according to Eurostat.⁵

⁴ <https://www.kornferry.com/about-us/press/korn-ferry-study-reveals-global-talent-shortage-could-threaten-business-growth-around-the-world>

⁵ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Tertiary_education_statistics#Graduates



At the same time, the industry is facing an ageing workforce, with 40% of employees aged 50 or over and 25% planning to retire in the next five years.

More people should be encouraged to study subjects in which skills shortages and labour demand exist by an EU-wide campaign to attract students into STEM subjects at higher education.⁶

Incentives could include the alleviation of university tuition fees for undergraduates across the European Union studying STEM subjects at graduate level or above⁷, and an expansion of employer-led apprentices in STEM subjects paid for by an apprenticeship levy of 0.5% of payroll costs of employers with a total payroll in excess of £3m, which can be reclaimed by the employer against the costs of the apprenticeship programme. SMEs would be exempt from the levy and the costs of apprenticeships would be 100% funded by the European Union from the apprenticeship levy fund.

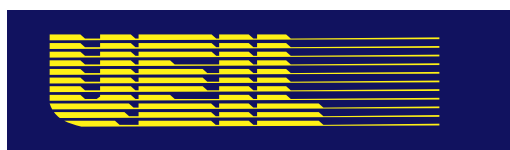
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⁶ <https://news.industriall-europe.eu/Article/744>

⁷ <https://www.mastersportal.com/articles/405/tuition-fees-at-universities-in-europe-in-2023-overview-and-comparison.html>



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