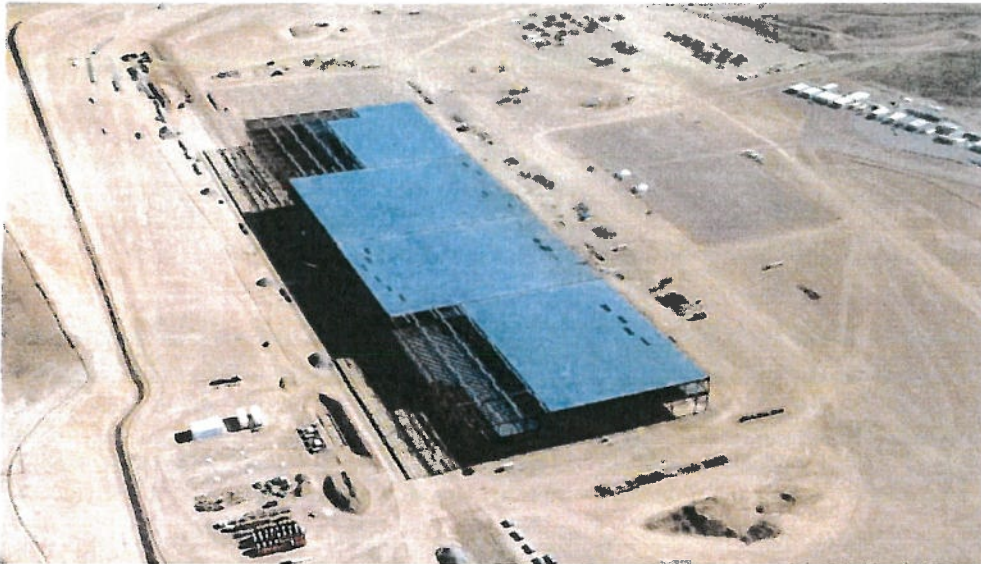


Batteries

EU to offer billions of funding for electric battery plants

Four groups planning to build European rival to Tesla's 'gigafactory'



The Tesla 'gigafactory' in the Nevada desert © Reuters

Rochelle Toplensky in Brussels 7 HOURS AGO

The EU is planning to allow state aid for electric battery research and will offer billions of euros of co-funding to companies willing to build giant battery factories.

Brussels is concerned that the EU auto industry, which employs 13m people, could be left behind in the race to build mass market electric vehicles because of their reliance on batteries from Asia.

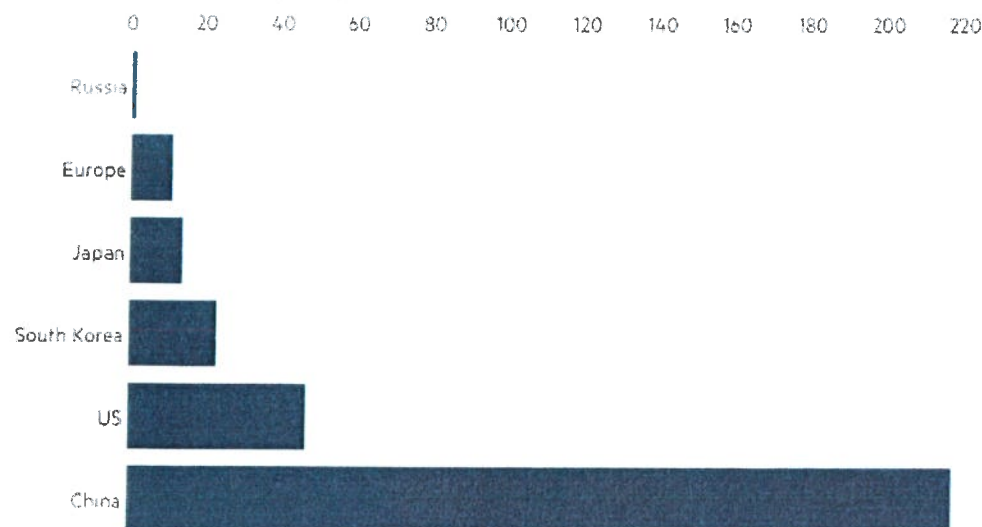
Carlos Ghosn, chief executive of Renault-Nissan-Mitsubishi said at the Paris Motor Show that the industry "cannot continue to prosper" unless it builds its own capacity.

"We know very clearly that the future is electric and we simply have to catch up with this (battery) technology," said Maros Sefcovic, energy vice-president at the European Commission. "You cannot develop new models or high-quality cars if you do not master the skills, the innovation, and research link with batteries."

Roughly 80 per cent of the world's existing and planned battery production capacity is in Asia, according to Bloomberg data. China alone has 69 per cent, with the US at 15 per cent and the EU at under 4 per cent.

China dominates global battery production

Planned and existing battery cell production (Gwh)



Source: Bloomberg
© FT

A battery project launched by the EU a year ago now offers five types of funding.

Individual EU countries will be allowed to fund 100 per cent of research, as long as they involve some cross-border projects. The EU's Horizon 2020 research fund has set aside €200m for battery projects; €800m is available to finance building demonstration facilities; regions looking to promote the industry can apply for the €22bn regional funds available; and the European Fund for Strategic Investment is available from the European Investment Bank to co-fund the billions of euros needed to build an EU equivalent of Tesla's "gigafactory".

Mr Sefcovic said there are now 260 companies involved across the supply chain and four groups have aspirations to build a gigafactory.

French-battery maker Saft has partnered with Siemens, Solvay and Manz to develop cheaper, more efficient solid-state batteries, which could begin production in seven years. Ghislain Lescuyer, the Saft chief executive, said the EU's battery alliance "boosted the momentum" in the sector and "one year later it is well on track".

Northvolt borrowed €52.5m from EIB to build a €100m demonstration line and research facility, expected to open in 2019 with ambitions to build Europe's largest factory — 32 GWh in annual production — by 2023.

Umicore, a materials and recycling group, is building a new plant in Poland to produce cathode materials — inputs for EV batteries, by 2020.

The German finance ministry is expected to announce a collaboration between the battery maker Varta and the US carmaker Ford to produce electric vehicle batteries, according to the German newspaper Tagesspiegel.

The EU carmakers have refused to see the change occurring in electric vehicles for a long time and are only now starting to go in this direction. However, catch-up is still possible due to the EU industry's innovation capabilities and skills

Simone Tagliapietra

lithium-ion battery plant in Poland, and Samsung SDI and SK Innovation are investing in Hungary.

To address the scarcity of raw materials, the EU plans to recover some from recycling old electronics and has also begun mapping European mineral deposits. The bloc has cobalt, lithium, graphite and nickel deposits in France, Finland, Portugal, Spain and the Czech republic, said Mr Sefcovic.

Tesla, LG Chem, Leclanché and other battery-makers have also developed new processes that require two thirds less cobalt.

Mr Srivastava said if you combine recycling and the new lower cobalt methods “there will be enough cobalt around” in the near term.

The Swiss company Leclanché makes lithium-ion batteries in Germany and chief executive Anil Srivastava suggested the EU should create an initiative to electrify buses. “It would stimulate demand for years to come and therefore industry will step up in Europe,” he said.

“The EU carmakers have refused to see the change occurring in electric vehicles for a long time and are only now starting to go in this direction. However, catch-up is still possible due to the EU industry's innovation capabilities and skills,” said Simone Tagliapietra, a research fellow at the Bruegel thinktank.

Asian rivals are also building capacity in Europe. LG Chem of South Korea is building a large-scale

Get alerts on Batteries when a new story is published

Get alerts

Copyright The Financial Times Limited 2018. All rights reserved.

Latest on Batteries

How easy or hard was it to use FT.com today?

Leave feedback