



European Commission - Speech [Check Against Delivery]



Speech by Vice-President Šefčovič at the European Conference on Batteries

Brussels, 24 November 2020

Thank you Melinda, and good morning everyone.

It is a privilege to be speaking at such an important event, especially as we find ourselves on the **cusp of something special**.

When we founded the **European Battery Alliance** in 2017, many people struggled to believe Europe could develop a **globally-competitive battery industry**, one which could rival and even outshine those in other parts of the world.

The last three years, however, have shown us that it is not only possible, but fast becoming reality.

We still have a long way to go. But I am convinced we can **achieve our goal of strategic autonomy in this critical industrial sector**.

Indeed, I'll make a clear prediction: I am confident that **by 2025, the EU will be able to produce enough battery cells to meet the needs of the European automotive industry** – and even to build our export capacity.

I am aware that this is a big ask.

If we do manage to achieve this, it will in large part be thanks to the Battery Alliance; a truly collaborative effort requiring the full commitment of all involved.

This of course includes the Member States; with **Germany, France and Italy being at the forefront of these efforts**. I would therefore like to thank Ministers Peter Altmaier, Bruno Le Maire and Stefano Patuanelli for their hard work in this truly strategic area.

As Peter (Altmaier) has pointed out before, **we are making European history** here.

The Alliance was created to build a globally competitive, innovative and sustainable **European battery value chain**, amounting to an expected market value of 250 billion Euro by 2025.

A European battery ecosystem, in turn, is not an end in itself, but a crucial part of **future-proofing our economy as a whole**, especially the automotive sector.

With more than 500 industrial actors, the Alliance has become a resounding success in just three years, turning Europe into a **global battery hotspot**.

In 2019, it attracted some 60 billion Euro in investment across the entire value chain, with 25 billion so far in 2020; **three times and twice the amount in China** respectively.

But this tremendous progress is only the beginning.

Under the Alliance, we will now:

- focus on finalising the **ambitious upcoming second Important Project of Common European Interest**
- put forward a new future-proof **regulatory framework on batteries**
- strengthen the **resilience of our critical materials value chains**
- and ensure adequate levels of **research funding**.

The **IPCEI in particular is a game-changer**, a powerful instrument in our toolbox, and a top priority for the European Commission.

The first battery-focused IPCEI, led by France and approved last December, involved 7 Member States and 17 companies. It represented up to 3.2 billion Euro in grants, leveraging a further 5 billion Euro in private investment.

The second IPCEI, led by Germany, takes a further step forward, involving 12 Member States and almost 50 companies covering the entire battery value chain.

It will concentrate on **cutting-edge innovation**, generate economic growth through **spill-over effects**, and contribute to the EU's strategic priorities – notably the **Green Deal**.

Crucially, it will therefore have a focus on **sustainability**.

We need to **reduce emissions in the transport sector by 90%** if we are to meet our 2050 climate goals. But simply replacing internal combustion vehicles with electric equivalents will not do the trick.

Electric cars still cause emissions: in the production phase and through the generation of electricity to power them.

The production of batteries alone accounts for nearly half of these emissions; steel manufacturing is another significant culprit.

So we will foster projects in Europe geared towards **developing green batteries and cost-competitive green steel**.

Our upcoming **flagship strategy on sustainable and smart mobility** will represent another crucial step towards zero and low emission transport.

Substantial funding has already been invested into large-scale industrial projects.

Some 15 new **battery cell plants – gigafactories – are being built across Europe**, including in Italy, France, Germany, Hungary, Poland, Slovakia and Sweden.

These plants will provide by 2025 enough cells to power at least 6 million electric vehicles.

The scale of investment, necessary for achieving this, is enormous.

But in the wake of the COVID-19 pandemic, it also **represents an opportunity**.

And in **NextGenerationEU**, our historic 750 billion Euro recovery plan, which we presented together with a revamped long-term budget, we have a ready-made tool to seize this opportunity.

This instrument will be crucial as we accelerate the twin green and digital transition, and investment in batteries can help drive our recovery as well as long-term resilience.

In doing so, we should remember that our competitive strengths in batteries lie in **sustainability and innovation**.

The Commission will **step up investment** into new generation of sustainable, high-performing batteries under the EU's future Horizon Europe programme.

While Horizon Europe is yet to be finalised, I can confirm **a significant portion of it will be dedicated to batteries**.

This industrial research, which will be steered by a **first-of-its-kind dedicated partnership on batteries**, will be a key driver towards zero and low emission mobility.

However, investment is not only needed for battery cell production, but for the **whole value chain**, including:

- extraction and processing of critical raw materials
- manufacturing of materials necessary for battery cell production such as cathodes, anodes, and separators
- and end-of-life treatment and recycling facilities.

Such investment would help bring **equilibrium between domestic and external supplies** in battery cell production.

We should also use our trade and customs instruments to promote local sourcing, by moving away from the practice of **customs duty suspensions** – which should only be granted in exceptional circumstances.

With many of these investments cumulating in 2023 or 2024, we need to swiftly adopt a **new regulatory framework on batteries**.

We will deliver on our commitment by bringing forward a proposal (next month), which will ensure that only the **greenest and safest batteries** make it onto the EU market.

Our proposal will provide for a comprehensive framework that is ambitious on transparent and **ethical sourcing of raw materials, carbon-footprint** of batteries, and **recycling**.

And, as the first of its kind in the world, it will *de facto* set a **global standard** in one of the fastest growing and most critical global markets.

Finally, I would like to consider the Battery Alliance from a broader perspective.

Its success has shown that we have found the **right recipe** for our **21st century industrial policy**.

It is a recipe that is followed to create an equally significant impact outside of the battery industry.

To that end, we are adapting the alliance's framework and using it as a **blueprint in other strategic sectors**, such as **critical raw materials**.

Yesterday, I spoke at the kick-off event for the **European Raw Materials Alliance**, which is aimed at strengthening the security of our raw materials supply chains, while ensuring sustainability and social responsibility standards.

To achieve this, we must not only **build strategic partnerships**, but also **increase domestic sourcing, support innovation for alternatives, and mainstream circularity**.

With the first **investment cases already emerging** across 14 Member States, this will be one of our **top priorities** in the coming months and years.

I would welcome your support in turning the Raw Materials Alliance into another **European success story**, helping spearhead the recovery and our long-term ambitions.

Ministers, ladies and gentlemen, we have collectively done a great job so far. But we still have some way to go **along the path to a truly resilient future**.

This path is best travelled together, and I look forward to continuing our close cooperation.

Thank you.

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