

Europe Electric Vehicle Battery Manufacturing - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Europe Electric Vehicle Battery Manufacturing Market size is estimated at USD 16.40 billion in 2025, and is expected to reach USD 43.64 billion by 2030, at a CAGR of 21.63% during the forecast period (2025-2030).

Key Highlights

- In the medium term, increased investments in battery production capacity, coupled with a decline in the costs of battery raw materials, are poised to boost the demand for electric vehicle battery manufacturing during the forecast period.
- Conversely, a shortage of raw material reserves poses a significant challenge to the growth of the electric vehicle battery manufacturing market.
- However, ambitious long-term targets for electric vehicles-such as scaling up production capacity, advancing technology, and cutting costs-are set to unlock substantial opportunities for the electric vehicle battery manufacturing market in the near future.
- Germany is at the forefront of electric vehicle battery manufacturing growth in Europe, fueled by a surge in electric vehicle adoption. The nation's robust technological infrastructure, combined with favorable government policies, further accelerates this growth.

Europe Electric Vehicle Battery Manufacturing Market Trends

Lithium-Ion Battery Type Dominate the Market

- Lithium-ion (Li-ion) batteries have revolutionized the electric vehicle (EV) market, driving innovations in battery production.

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Their key attributes-high energy density, long cycle life, and swift charging-make them the preferred choice for today's EVs.

- Moreover, lithium-ion rechargeable batteries surpass other technologies due to their excellent capacity-to-weight ratio. Although they tend to be more expensive than alternatives, major players in the market are boosting R&D investments and ramping up production, heightening competition, and pushing prices down.
- Despite rising average battery pack prices for EVs and battery energy storage systems (BESS), 2023 witnessed a significant dip, with prices falling to USD 139/kWh-a 13% reduction. Projections suggest this downward trajectory will persist, with prices anticipated to reach USD 113/kWh by 2025 and further decline to USD 80/kWh by 2030, driven by relentless technological and manufacturing progress.
- Furthermore, governments worldwide are implementing policies and incentives to promote electric vehicle (EV) adoption and stimulate lithium-ion battery manufacturing growth. In response to the soaring demand for lithium-ion batteries, governments are not only committing significant investments but are also actively promoting the production of these rechargeable batteries.
- For example, in November 2023, the United Kingdom government announced a GBP 50 million (USD 63 million) investment to establish a robust battery supply chain, emphasizing lithium-ion batteries. This initiative aligns with the UK's ambitious EV production targets. The Battery Strategy, extending to 2030, promises tailored support for zero-emission vehicles, batteries, and their supply chains, including new capital and R&D funding. Such initiatives are poised to boost battery production in the UK and elevate the demand for lithium-ion batteries in the future.
- Additionally, the surging demand for Li-ion batteries has catalyzed the emergence of large-scale production facilities, dubbed Gigafactories. These facilities are engineered to produce battery cells en masse, ensuring they meet the rising electric vehicle (EV) demand. Major regional players are launching multiple projects to enhance their lithium-ion battery production capabilities, foreseeing a spike in EV battery demand soon.
- For instance, in May 2024, French firm Blue Solutions revealed plans for a gigafactory in eastern France, with an investment of around 2 billion euros (USD 2.17 billion). This facility aims to produce a new solid-state battery for electric vehicles, boasting a rapid 20-minute charging time, with production slated to commence by 2030. Such endeavors are set to amplify battery production in the nation in the ensuing years.
- Consequently, these initiatives are poised to bolster lithium-ion battery production and significantly expand EV battery manufacturing capacity during the forecast period.

Germany to Witness Significant Growth

- Germany is at the forefront of the electric vehicle (EV) revolution, leveraging its strong automotive industry, advanced manufacturing capabilities, and steadfast commitment to sustainability. As the demand for EVs surges, Germany is making significant investments to enhance its EV battery manufacturing.
- The country is not only shifting towards clean energy but also emphasizing the transition to electric vehicles, a priority for numerous companies. EV sales in Germany have experienced remarkable growth. In 2023, the International Energy Agency (IEA) reported that Germany sold 0.7 million electric vehicles, matching 2022's numbers but representing a 5.5-fold increase since 2019. With this momentum and support from recent European government initiatives, EV sales are projected to rise, driving an increased demand for EV battery production.
- As a key player in the European Battery Alliance, Germany is leading efforts to establish a competitive and sustainable battery cell manufacturing ecosystem in Europe. This alliance aims to reduce dependence on non-European battery suppliers and foster innovation within the EU. In tandem, the German government has announced substantial investments in research, infrastructure, and incentives to promote EV adoption.
- In a notable move, in January 2024, Northvolt, a prominent Swedish lithium-ion battery manufacturer, received a substantial EUR 902 million (USD 986.43 million) state aid package from Germany, with EU approval. This investment is directed towards building a battery production facility for electric and hybrid vehicles in Heide, Germany, aligning with the net-zero emissions goals of both Germany and the EU. Such endeavors are poised to boost battery production in the nation in the coming years.

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- Additionally, German firms and research institutions are at the helm of developing solid-state batteries, which promise better energy density, safety, and longevity compared to traditional lithium-ion batteries. Collaborations among top regional companies are set to drive the demand for EV batteries in the foreseeable future.
- For example, in May 2024, a consortium of 15 companies and university researchers, led by VARTA, introduced innovative sodium-ion battery technology. Their ambition is to produce high-performance, cost-effective, and environmentally friendly batteries for EVs and other applications. The consortium aims to wrap up the project's final phase by mid-2027. Such breakthroughs are anticipated to boost the demand for advanced EV batteries and, consequently, the region's battery manufacturing during the forecast period.
- Given these developments, it's clear that these initiatives will not only bolster EV demand but also significantly heighten the need for EV battery manufacturing in the coming years.

Europe Electric Vehicle Battery Manufacturing Industry Overview

Europe's electric vehicle battery manufacturing market is semi-fragmented. Some of the key players (not in particular order) are EnerSys, SK Innovation, Northvolt AB, Exide Industries Ltd, LG Energy Solution, among others.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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