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Lithium - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-01-16 | 120 pages | Mordor Intelligence

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Report description:

Lithium Market Analysis

Lithium market size in 2026 is estimated at 1.01 Million LCE tons, growing from 2025 value of 0.85 Million LCE tons with 2031 projections showing 2.44 Million LCE tons, growing at 19.24% CAGR over 2026-2031. Battery demand accounts for most incremental volumes, with policies that mandate electric-vehicle sales and grid-scale storage creating long-term visibility on offtake. Hydroxide consumption is expanding faster than carbonate as high-nickel cathodes become the preferred chemistry for premium electric cars. New direct-lithium-extraction (DLE) projects shorten project lead times and lowering water use, helping miners respond more quickly to demand spikes. Regional production-consumption gaps persist: China dominates processing yet owns limited reserves, while Europe accelerates downstream investments to avoid future supply shocks. Consolidation among tier-1 producers and technology companies intensifies competitive pressure and supports larger capital-spending plans.

Global Lithium Market Trends and Insights

EV Penetration Targets and Battery-Cost Parity

Battery packs moving toward USD 100/kWh enable price parity between electric and combustion vehicles, accelerating adoption even when subsidies fade. Tesla's 150,000 DMT annual spodumene offtake from Liontown Resources demonstrates how automakers now secure upstream inputs years in advance. Stellantis signed a five-year agreement for up to 99,000 MT of lithium hydroxide from Vulcan Energy to prepare for the 2035 European engine phase-out. Higher-nickel cathodes such as NMC 811 demand hydroxide rather than carbonate, reinforcing the compound shift. China's new-energy-vehicle penetration reached 35% in 2024, indicating that policy and cost convergence create self-sustaining demand cycles. Similar momentum is building in the United States as federal zero-emission targets align with state mandates, in the lithium market

Grid-Scale Storage Mandates (?4 h) in US, EU and China

Legally binding storage requirements guarantee a minimum level of lithium demand outside the vehicle cycle. The U.S. Inflation Reduction Act offers a 30% investment tax credit for standalone storage, while California must add 11.5 GW by 2026. China's 14th Five-Year Plan sets a 30 GW storage target by 2025, and provinces enforce 10-20% storage ratios on wind and solar projects. Europe's transmission operators estimate 200 GW of storage will be needed by 2030 to balance renewables. Lithium-ion technology dominates because it meets the four-hour duration standard at the lowest life-cycle cost. These mandates reduce revenue volatility for hydroxide and carbonate producers and anchor long-run pricing expectations across the lithium market.

Short-Cycle Oversupply from Tier-2 Chinese Converters

Chinese converters expanded lithium carbonate capacity to 1.2 million tpy in 2024, overshooting domestic demand of 800,000 tpy. With limited long-term contracts, these firms dump excess product on spot markets, pushing battery-grade carbonate to USD 9,000-12,000/t, 65% lower than a year earlier. Price volatility deters investment elsewhere and squeezes producers with higher cost bases. Environmental compliance costs and energy-intensive processes are rising, which will gradually remove the least efficient operators. Once consolidation progresses, pricing power is expected to stabilise across the lithium market.

Other drivers and restraints analyzed in the detailed report include:

OEM-Backed Off-take Agreements Securing SupplyRise of Direct-Lithium-Extraction (DLE) Pilot SuccessesSlower-than-Expected ESS Procurement due to Interest-Rate Spikes

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Lithium hydroxide posted a 23.02% CAGR outlook through 2031 because high-nickel cathodes need higher reactivity, while lithium carbonate maintained 64.78% market share in 2025 through well-established industrial routes. Battery manufacturers now specify hydroxide directly to avoid costly carbonate conversion, and Tesla employs only hydroxide in its 4680 cells. The hydroxide premium of USD 1,000-2,000/t reflects tighter supply and higher processing complexity. Recycling mandates in Europe favour hydroxide pathways because they preserve purity across multiple life cycles, further lifting demand. Lithium chloride and other compounds serve niche air-treatment, pharmaceutical and specialty-chemical markets with steady but comparatively slow expansion.

Growing hydroxide demand challenges supply chains optimised for carbonate. Projects in Australia and the United States plan hydroxide refining adjacent to mines to cut logistics costs. In China, converters invest in debottlenecking to raise hydroxide yield from spodumene. Successful DLE pilots broaden the resource base suitable for hydroxide production by delivering high-purity feed solutions. As more automakers shift to high-nickel chemistries, contract volumes favour hydroxide, sharpening the compound transition inside the lithium market.

The Lithium Market Report is Segmented by Compound (Carbonate, Chloride, and More), Application (Battery, Lubricants and Grease, Air Treatment, Pharmaceuticals, and More), End-User Industry (Industrial, Consumer Electronics, Energy Storage, Medical, Automotive, and More), and Geography (Asia-Pacific, North America, Europe, South America, and Middle East and Africa). The

Market Forecasts are Provided in Terms of Volume (Tons).

Geography Analysis

Asia-Pacific retained 61.65% of the Lithium market size in 2025 because China refines about 70% of global supply, yet regional policymakers watch concentration risk closely. Japan and South Korea lead advanced battery manufacturing, demanding high-purity hydroxide for nickel-rich cathodes. India's passenger-vehicle electrification program and PLI incentives attract cell makers, creating incremental lithium pull. Australia dominates hard-rock production but must ship most concentrate for processing, leaving value-addition opportunities underexploited. Regional importers negotiate new partnerships with South American brine projects and North American hydroxide plants to reduce reliance on Chinese converters.

Europe expands fastest, recording a 25.33% CAGR to 2031. The European Battery Alliance targets 550 GWh annual capacity, and the Critical Raw Materials Act mandates diversified sourcing. Germany anchors demand through automotive clusters, while Nordic nations deploy renewable power to host energy-intensive refining. France, Italy and Spain attract gigafactory investment, stimulating local chemical intermediates. Strategic stockpiling and recycling quotas create captive demand for regionally processed lithium, supporting local prices above global averages.

North America leverages Inflation Reduction Act incentives that value domestic content. The United States adds extraction at Thacker Pass and refinery capacity in North Carolina, Canada promotes battery-grade projects under its Critical Minerals Strategy, and Mexico benefits from the United States-Mexico-Canada Agreement (USMCA) preferential trade. South America evolves from exporter to part-time consumer as Argentina and Chile explore cathode and cell plants. Brazil studies downstream options to capture greater value. The Middle East and Africa remain nascent but could gain prominence as renewables and grid storage scale across Gulf Cooperation Council states and South African utilities.

List of Companies Covered in this Report:

Albemarle Corporation Arcadium Lithium (Rio Tinto) Avalon Advanced Materials Inc. Ganfeng Lithium Group Co., Ltd. Lithium Americas Corp. Lithium Australia Mineral Resources Morella Corporation Limited Pilbara Minerals Sichuan Yahua Industrial Group Co. Ltd SQM Tianqi Lithium Corporation Limited

Additional Benefits:

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

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