

Sweden's Northvolt says to build major EV battery plant in Canada

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A mockup of a Northvolt battery in the Northvolt Ett factory in Skelleftea, Sweden in February 2022.

Swedish-based Northvolt on Thursday unveiled plans to build its first electric vehicle lithium-ion battery gigafactory in North America, just

outside of Montreal.

The initial investment is worth Can\$7 billion (US\$5 billion) and represents a win for Canada over the United States, where President Joe Biden is heavily encouraging expansion of the EV industry.

"Unique access to [renewable power](#) and [raw materials](#)" in Quebec province, which produces an abundance of cheap hydroelectricity, made it "the ideal base of operations for Northvolt's first gigafactory outside of Europe," the company's co-founder Paolo Cerruti said in a statement.

He will lead the project as the company's North American operations chief executive.

Northvolt had announced in May its plans for a plant in North American but had not yet chosen at the time whether it would be built in Canada or the United States.

Subsidies offered by Ottawa and Quebec province, worth a total of Can\$2.7 billion, sealed the deal. Officials noted that the Northvolt project marks the largest private sector investment in the province's history.

Once completed, the plant will have a 60 GWh annual cell manufacturing capacity, as well as cathode active material production and battery recycling facilities.

Construction of the mega-plant on a 170-hectare (420-acre) site that straddles the towns of McMasterville and Saint-Basile-le-Grand just outside of Montreal is due to begin by year's end.

It will employ up to 3,000 workers.

Northvolt customers in Europe include BMW, Scania, Volvo and Volkswagen.

'Second place'

Ottawa has made considerable efforts in recent years to attract investment in its electric vehicle sector, touting [tax incentives](#) and clean energy subsidies.

Thursday's announcement is just the latest in a string of recent investments in new plants that will make batteries for electric vehicles for the North American market.

"It's no accident that last year Canada went from fifth place to second place in EV battery production (after China)," Prime Minister Justin Trudeau told a press conference unveiling the Northvolt plant.

"We're aiming to become a leader in clean energy... and today's Northvolt announcement is a step in the right direction," he said.

In July, Ottawa reached a deal with Stellantis to subsidize the construction of a Can\$5 billion (US\$3.7 billion) plant in Ontario to supply EV batteries for a significant portion of the North American market. The massive facility is a [joint venture](#) with South Korea-based LG Energy Solution.

That came on the heels of Can\$13.2 billion in subsidies provided to Volkswagen to build its first overseas battery plant, also in Ontario.

Canada's strategy mirrors efforts underway by its biggest trading partner, the United States, where the Biden administration's Inflation Reduction Act (IRA) provides billions in subsidies for green industries.

Quebec Premier Francois Legault said the funds offered to Northvolt are in line with what had been provided to lure Stellantis to built its plant in Ontario.

Canadian and US overseas allies, however, have complained that these incentives, designed to bolster domestic or North American supply chains, have ignited a costly subsidies race.

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