

10 July 2023

Special Report N°15/2023:

The EU's industrial policy on batteries

New strategic impetus needed



PUBLIC



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Why did we do this audit?



What questions did we ask?



What did we find?



What do we recommend?

PUBLIC

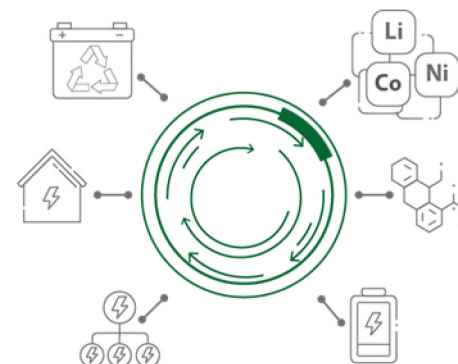


Why did we do this audit?

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**Batteries as
“strategic
imperative
for Europe”**

- Batteries are key enablers of
 - green transition
 - competitiveness of automotive sector
- 2018: Strategic Action Plan on Batteries
- 2023: Five years on, where are we?





What questions did we ask?

Has the Commission been effective at promoting a European industrial policy on batteries ?

The EU's industrial policy on batteries

- Policy objectives and intervention tools set out in the Commission's 2018 action plan
- Implementation of those actions
- Battery production capacity and risks to growth
- Allocation of EU financial support and results achieved



What did we find?

➤ The Commission's promotion of an **EU industrial policy on batteries** has been **effective**, despite shortcomings

Overall conclusion

- in **monitoring** of relevant data,
- in **coordinating and targeting** EU funding
- in securing **access to raw materials**



➤ **Significant risk** that 2035 targets are not reached; or they are reached on the basis of imported batteries

Observations

1

The Commission's strategy for batteries is relevant to the needs of European stakeholders, despite shortcomings in monitoring

A relevant strategy, largely implemented

- Action plan addresses a range of relevant issues
- Supported by stakeholders and aligned with member states
- Key actions delivered: stakeholder platforms, regulation, increased financial support
- Limitations: energy costs, raw material trade agreements

Shortcomings in monitoring of relevant data

- Commission draws data from a number of sources
- But data is often outdated, in some cases incomplete
- Crucial: actual battery production
- No quantified targets, notably as regards the 2035 ban on combustion engines

Observations

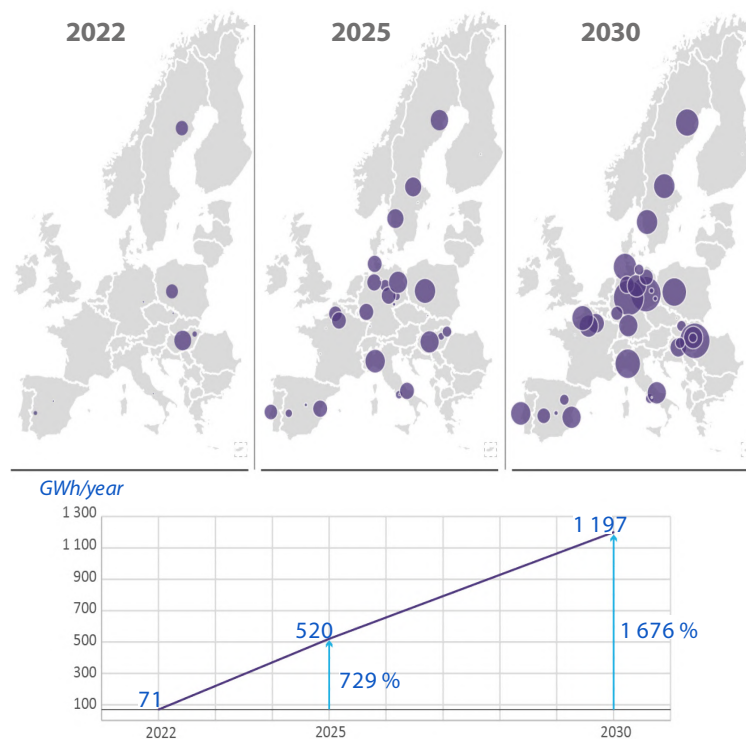
2

Battery production in the EU is projected to increase rapidly until 2030 but faces a looming shortage of raw materials (1/2)

EU battery may increase up to 1200 GWh by 2030

Projections subject to significant risks

- Projects announced suggest rapid growth in several member states (including foreign producers)
- If confirmed, EU production would exceed demand already in 2025
- Delays
- Financial incentives outside EU
- Increases in cost of production factors (energy, raw materials)

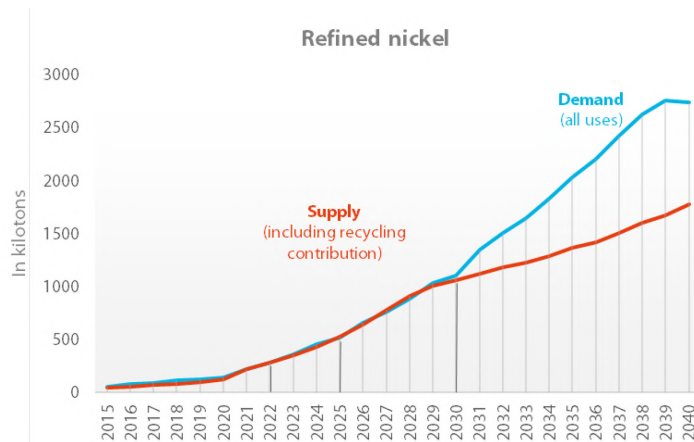
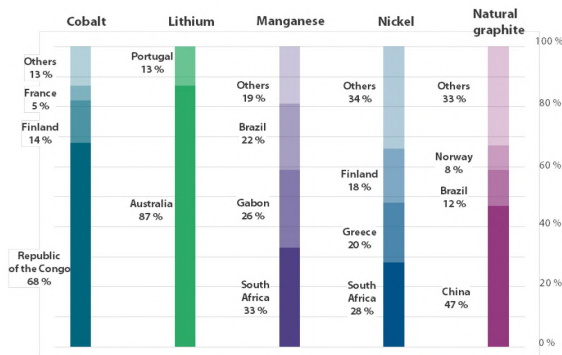
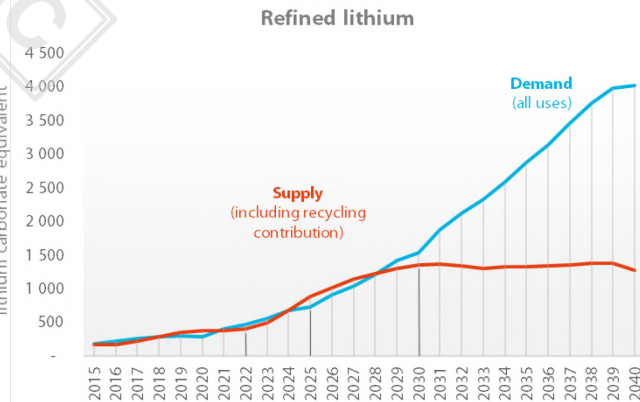
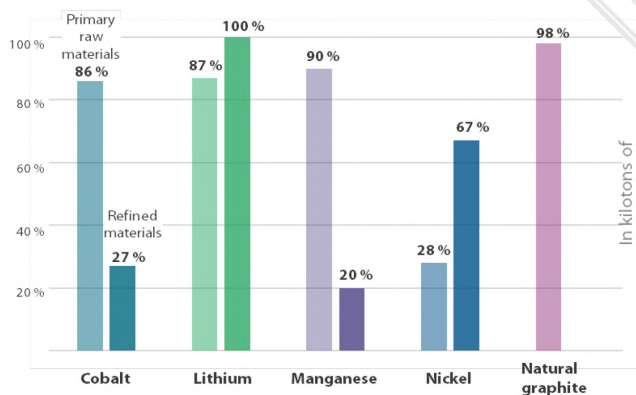


Observations

2

Battery production in the EU is projected to increase rapidly until 2030 but faces a looming shortage of raw materials (2/2)

Self-sufficiency in key battery materials remains low



- EU relies heavily on foreign supplies of key battery materials
- Supply is concentrated in a few countries
- Forecasts show looming shortage of lithium, nickel

Observations

3

Public funding of the EU's industrial policy on batteries is insufficiently coordinated, location-dependent and its results fall short of ambitions (1/2)

Lack of overview on public funding to batteries

IPCEI funding is location dependent

- Aproximately €1,7bn in grants and guarantees from EU budget
- The Commission lacks an overview of the different funding streams, which limits their coordination

- 3 member states concentrate between 83%-87% of state aid authorised (€6bn)
- Participating companies face a variety of funding procedures and timetables

Funding source	Type of support	Managed by	2014-2020 (m €)	2021-2027 (m €)
EU Framework Programmes for R&I (Horizon)	Grants	Directorate-General for Research and Innovation	873	925 (predefined)
European Regional Development Fund in selected member states	Grants	Directorate-General for Regional and Urban Policy and managing authorities in the member states	319	On-going
Innovation Fund	Grants	Directorate-General for Climate Action	-	161 (calls on-going)
Subtotal for grants funded by the EU budget			1 192	1 086 (on-going)
European Investment Bank	Loans with EU budget guarantees	EIB	495	On-going
Total EU support (grants and loans)			1 687	On-going
Important Projects of Common European Interest	State aid authorisation (different forms of support)	National funding (oversight by Directorate-General for Competition)	3 191	2 858

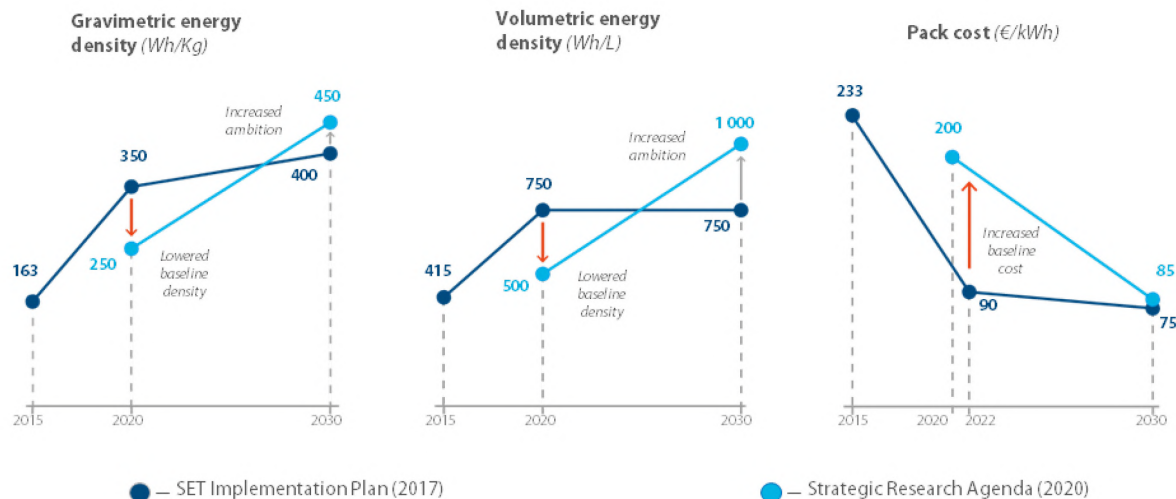
Observations

3

Public funding of the EU's industrial policy on batteries is insufficiently coordinated, location-dependent and its results fall short of ambitions (2/2)

Alignment with roadmap has improved but results below expectations

- Funding from Horizon Europe better aligned with technological roadmap (not ERDF)
- Some performance indicators show the R&I effort is falling short of ambitions





What do we recommend?

A new
strategic
impetus

1. Update the **strategic action plan** on batteries, with a particular focus on securing access to raw materials
2. Strengthen **monitoring** with regular, up-to-date and comprehensive data
3. Improve the **overview of EU funding** for the battery value chain
4. Improve the **coordination and targeting** of EU funding for the battery value chain
5. Ensure that all participants in Important Projects of Common European Interest on batteries have a **level playing field in accessing public financial support**

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Council of the European Union
General Secretariat

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WORKING PAPER

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MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Competitiveness and Growth (Industry)
Subject:	Working Party on Competitiveness and Growth (Industry) meeting on 10 July 2023 Court of Auditors presentation: Agenda item 4. : European Court of Auditors' special report No 15/2023 on "The EU's industrial policy on batteries: New strategic impetus needed"