

**Subject: Existing dependencies in the energy sector should not be replicated in the case of batteries – the necessity to create a competitive and leading European batteries value chain**

14/04/2022

Dear Commissioner Sinkevičius,

The current geopolitical context related to Russia's war on Ukraine has demonstrated the vulnerability of our energy system and the crucial necessity for the European Union to reduce its dependencies in value chains of strategic importance. Such an approach will be essential to prevent potential future crises from detrimentally impacting key industries as well as the EU's ambitious climate objectives. Importantly, existing dependencies in the energy sector should not be replicated in the case of batteries.

A key technology for the bloc's energy and digital transitions, batteries offer solutions to store renewable energy, power electric vehicles (EVs) as well as mobile communication devices. Batteries will, thus, provide a decisive contribution to facilitate a carbon-neutral economy and society. The recent history of the European photovoltaic industry has shown that policy mistakes can damage efforts to foster European businesses in the sector. Today, policymakers are seeking a way to 'return' this industry to Europe. Such a scenario must altogether be avoided for batteries.

**RECHARGE, as the leading voice of the European advanced rechargeable and lithium batteries value chain, is calling to consider the need for a swift development and strengthening of the batteries industry on our continent.** Against the background of this new context, which highlights the urgency of fostering industrial resilience, **the EU must decrease its high dependency on imported batteries.** Notably, today, Europe accounts only for a small share of around 6% of the global battery production, while China alone holds around 71% of the market.

When moving away from oil and natural gas, both in the energy and transport sector, Europe should simultaneously become more autonomous and support the electrification and renewables development with a European battery ecosystem. **Creating a strong industry will depend on two main pillars – long-term investments and a fit-for-purpose regulatory framework.**

Regarding the first prerequisite, there has been a significant positive development: Currently, there are 111 notable battery projects across the EU with a total value chain investment of €127 billion. In addition, about 800,000 new jobs are expected to be created by 2025 alone. By 2030, a well-developed European value chain could provide annual added value of around €625 billion.

Concerning the second pillar, **the new EU Batteries Regulation, as the main legislative framework, needs to support this industrial dynamic and ensure a competitive and leading European value chain, able to set sustainability standards for the rest of the world as well as decrease European dependency on imported batteries.** However, the intrinsic difficulty of enforcing several of the proposed design requirements is likely to create an uneven playing field, in which the EU industry will bear the burden of the regulatory constraints, while control of compliance with the sustainability rules by imported products is expected to be insufficient. Measures which may disproportionately benefit non-European battery industry need to be amended in a way to rather reinforce the creation and the investments for a thriving European battery ecosystem.



Both the geopolitical context and the climate emergency accentuate the short timeframe for the development of our strategic industry. Enshrining too many constraints and regulatory hurdles within the Batteries Regulation would risk setting back value chain efforts and planned investments and could ultimately endanger reaching the EU's strategic climate and industrial objectives.

Thus, RECHARGE is calling on policymakers to thoroughly take into account the value chain's positions on the future Batteries Regulation during the trilogue negotiations between the Council of the EU and the European Parliament.

Respectfully,

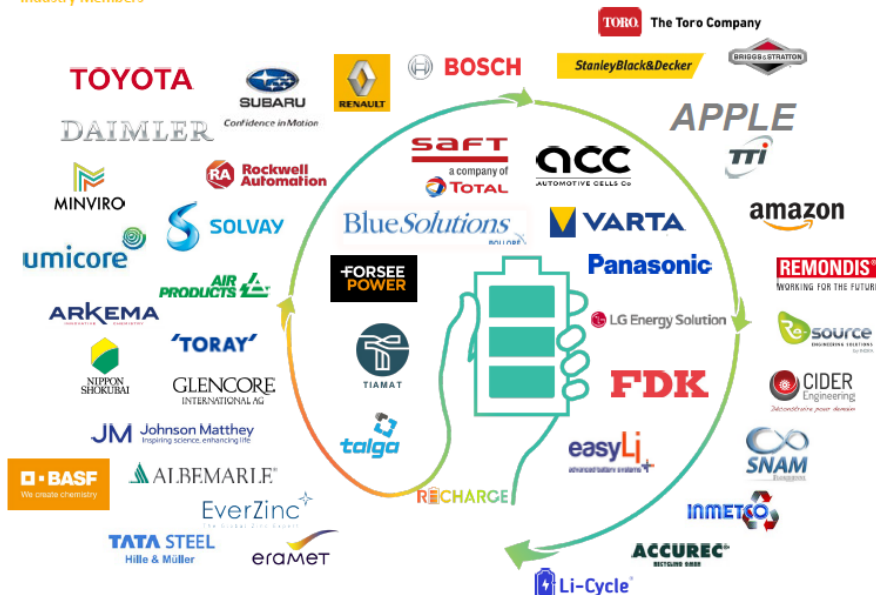


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**RECHARGE** is the European industry association for advanced rechargeable and lithium batteries. Founded in 1998, it is our mission to promote advanced rechargeable batteries as a key technology that will contribute to a more empowered, sustainable and circular economy by enabling decarbonised electricity and mobility, and cutting-edge consumer products. RECHARGE's unique membership covers all aspects of the advanced rechargeable battery value chain: From suppliers of primary and secondary raw materials, to battery and original equipment manufacturers (OEMs), to logistic partners and battery recyclers: [www.rechargebatteries.org](http://www.rechargebatteries.org)

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