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Stellantis, CATL to invest €4.1 billion on JV for lithium iron phosphate battery plant in Spain

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The Stellantis-CATL battery JV announcement comes a year after the two companies had signed a non-binding MOU

Source: Getty Images

Amsterdam-headquartered Stellantis and Contemporary Amperex Technology Co. (CATL), the world's largest battery-maker, have reached an agreement to set up an equal joint venture company focused on battery manufacturing operations in Spain, the two companies said in a joint announcement on Dec. 10.

As part of the agreement, Stellantis and CATL have agreed to invest up to €4.1 billion in building a large-scale, 50-GWh lithium iron phosphate (LFP) battery plant in Zaragoza, Spain. The battery plant will be built in several phases and will be designed to be a completely carbon-neutral facility.

The two companies said that the planned gigafactory, which is expected to commence production operations by end of 2026 at Stellantis' Zaragoza site in Spain, will scale up battery-cell production based on the electric vehicle demand in Europe along with continued support from authorities in Spain and the EU.

The Stellantis-CATL battery JV announcement comes a year after the two companies had signed a non-binding memorandum of understanding (MOU) aimed at the local supply of LFP battery cells and modules for EV production in Europe.

Just last week, the European Commission launched new calls for proposals with a budget of €4.6 billion to accelerate the deployment of innovative decarbonization technologies in Europe, including EV batteries. The commission has launched, for the first time, a €1 billion call for EV battery-cell manufacturing (IF24 Battery) to support projects that can produce innovative EV battery cells or deploy innovative manufacturing techniques, processes and technologies. The selected proposals will be financed by the Innovation Fund, which is slated to use revenue from the EU Emissions Trading System (ETS).

Stellantis said that the equal JV with CATL will help it integrate the LFP battery chemistry in its model pipeline in Europe, besides establishing a local supply chain for the emerging battery technology. It expects that the LFP batteries will help it in offering more high-quality, durable and affordable battery-electric passenger cars, crossovers and sport utility vehicles in the B- and C-segments with intermediate ranges.

CATL, which already has operational battery facilities in Germany and Hungary, also signed a supply agreement with Renault's EV unit Ampere in July. Under this agreement, CATL is slated to supply LFP batteries from its Hungary plant to Renault's EV factories in Europe.

Notably, LFP batteries are less expensive and safer than the nickel cobalt manganese (NCM) batteries — factors that are increasingly encouraging global carmakers to integrate the LFP chemistry in their future model pipelines.

In its press note, Stellantis said that it aims to employ a dual-chemistry approach — NMC and LFP — to serve all customers and explore innovative battery-cell and pack technologies.

"Stellantis is committed to a decarbonized future, embracing all available advanced battery technologies to bring competitive electric vehicle products to our customers," said Stellantis Chairman John Elkann. "This important joint venture with our partner CATL will bring innovative battery production to a manufacturing site that is already a leader in clean and renewable energy, helping drive a 360-degree sustainable approach. I want to thank all stakeholders involved in making today's announcement a reality, including the Spanish authorities for their continued support."

"The joint venture has taken our cooperation with Stellantis to new heights, and I believe our cutting-edge battery technology and outstanding operation knowhow combined with Stellantis' decades-long experience in running business locally in Zaragoza will ensure a major success story in the industry," said CATL Chairman and CEO Robin Zeng. "CATL's goal is to make zero-carbon technology accessible across the globe, and we look forward to cooperating with our partners globally through more innovative cooperation models."

The transaction between Stellantis and CATL is expected to close in 2025 and is subject to customary regulatory conditions.

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