

(English version)

Question for written answer E-002725/24
to the Commission
Nora Junco García (NI)
(2 December 2024)

Subject: Lack of industrial strategy

The recent bankruptcy filing of Northvolt, a key company involved in developing electric vehicle batteries in Europe, is evidence of the absence of a sound industrial strategy to compete with Asian and US giants. Despite receiving significant public investment, the company failed to compete with the Asian giants in innovation, scalability and efficiency. This collapse coincides with the cooling of the electric vehicle market and underlines the urgent need for a strong supply chain in Europe to avoid technological and economic dependence on China.

Although the project received significant public support, the fragile balance between high investment, market expectations and inexperience in scaling up led to this failure. It is crucial for the EU to reassess its policies for supporting the automotive sector, ensuring that resources are invested with long-term vision and clear priorities to avoid future risks.

In view of the above, can the Commission answer the following:

1. Is a review of public funding mechanisms being considered to ensure a more efficient and strategic use of resources?
2. What strategies are being assessed to mitigate the impact of this failure on the European automotive industry?

Submitted: 2.12.2024

Answer given by Executive Vice-President Séjourné on behalf of the European Commission
(13 May 2025)

Maximising the impact of EU funding is key to design and implement EU budget. The Commission will propose for the next multi-annual financial framework a simpler and more impactful budget, focused on EU priorities, including through a European Competitiveness Fund and better use of EU budget to further leverage national, private and institutional financing.

The Commission is closely following Northvolt's economic situation. The Commission will pay attention to the future of specific assets that could still have a real added value for the European value chain. The case of Northvolt must allow the Commission to draw lessons for a competitive and resilient battery industry in Europe.

Public support has been crucial for the development of the EU battery industry. This includes two Important Projects of Common European Interest ⁽¹⁾, the Innovation Fund ⁽²⁾, InvestEU ⁽³⁾ and the Temporary Crisis and Transition Framework ⁽⁴⁾. Efforts are being made to diversify supply chains and reduce dependencies on single suppliers ⁽⁵⁾.

The Commission released the Clean Industrial Deal on 26 February 2025 proposing measures that will help decarbonise European industry.

Following the Strategic Dialogue on the Future of the European Automotive Industry ⁽⁶⁾, an Action Plan ⁽⁷⁾ was published on 5 March 2025, to support the sector's global competitiveness. This plan includes a 'Battery Booster' to support production of battery cells and components through direct funding and non-price criteria for components. The Commission will make available EUR 1.8 billion in the next two years to support companies manufacturing batteries in the EU by mobilising resources from the Innovation Fund and is also looking into possibilities for financing the ramp up of European production lines.

⁽¹⁾ https://competition-policy.ec.europa.eu/state-aid/ipcei/approved-ipceis/batteries-value-chain_en.

⁽²⁾ https://climate.ec.europa.eu/eu-action/eu-funding-climate-action/innovation-fund_en.

⁽³⁾ https://investeu.europa.eu/index_en.

⁽⁴⁾ https://competition-policy.ec.europa.eu/state-aid/temporary-crisis-and-transition-framework_en.

⁽⁵⁾ https://cinea.ec.europa.eu/funding-opportunities/calls-proposals/innovation-fund-2024-call-and-battery-calls_en.

⁽⁶⁾ https://ec.europa.eu/commission/presscorner/detail/en/ip_25_378.

⁽⁷⁾ https://transport.ec.europa.eu/document/download/89b3143e-09b6-4ae6-a826-932b90ed0816_en?filename=Communication%20-%20Action%20Plan.pdf.