

Batteries

Chinese group Putailai to build Europe's largest anode factory in Sweden

The \$1.3bn plant is the latest Asian-owned facility that has set up shop in the Nordic country



The Swedish start-up **Northvolt** will be the factory's first main customer © Helena Soderpalm/Reuters

Richard Milne in Oslo, Edward White in Seoul and Gloria Li in Hong Kong MAY 4 2023



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A large Chinese supplier to the battery industry is investing \$1.3bn in a Swedish factory in the latest sign of western countries deepening their reliance on the Chinese clean tech sector.

Shanghai-listed Putailai is building Europe's largest factory for manufacturing anodes, a crucial part of the batteries that go into electric vehicles, in Sundsvall in central Sweden where it will take advantage of the country's abundant green electricity.

Northvolt, the Swedish start-up that has become Europe's leading player in batteries, will be the first main customer. People close to the company suggest that buying anodes from Sundsvall could cut its carbon footprint for the component by more than 90 per cent compared with importing them from China.

Putailai is the latest and largest in a series of Asian suppliers that have set up shop in Sweden, with others including South Korea's Dongjin and China's Kedali near **Northvolt's** first gigafactory in Skellefteå, and China's Senior Material in Eskilstuna.

"An important part of **Northvolt's** strategy to create the world's greenest battery is to invite subcontractors to produce materials and components on fossil-free electricity grids and in line with Europe's high environmental standards," said Alexander Streif, head of supply chain management at **Northvolt**.

"PTL is a leading global manufacturer of anode materials and the establishment in Sweden will not only lower our batteries' total carbon dioxide footprint but will likely also attract more actors in the battery ecosystem to establish themselves in the Nordics," he said.

Europe has made batteries one of the main focuses of its industrial policy, aiming to develop a homegrown sector to challenge the dominant Asian players.

Anodes make up the second-biggest component market for electric vehicle batteries. Like much of the EV supply chain, production of the material is dominated almost exclusively by Chinese companies.

PTL is among the four biggest Chinese groups in the sector that together account for roughly half the global market, according to Bernstein analysts.

The company supplies artificial graphite, a material used to make anodes, to the world's largest lithium-ion battery makers including CATL, LG and Samsung. As the industry trends towards synthetic anodes, which give better performance, PTL is strongly placed as the top synthetic anode producer in China.

PTL's entrance into the Swedish market is the latest in a series of deals between western companies and Chinese clean tech groups. CATL, the world's biggest battery producer, signed a deal with Ford this year to license its battery technology to the US carmaker for the production of cells in Michigan.

The Sundsvall factory will have an initial capacity of about 50,000 tonnes of anode material — equivalent to 50 gigawatt-hours of batteries, or enough to power about 850,000 cars — and aims to double that eventually. The plant will employ 1,900 workers when completed, making it the biggest of the newly established factories by Asian suppliers in Sweden.

Yu Han, PTL's chief representative in Europe and project manager for the Sundsvall plant, told the Financial Times the company had chosen Sweden because it "is the only European country to have a firm strategy for the green transition".

He added that PTL was "seriously considering" locations for further plants in Europe.

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