

Daimler to invest \$542m in new lithium-ion battery plant

German car giant Daimler said it would invest around 500 million euros (\$542 million) to build a second plant to make lithium-ion batteries. The new unit will beef up production capacity at a factory at Kamenz, near the eastern German city of Dresden, operated by Daimler subsidiary Deutsche Accumotive, the company said on the media day of the Geneva International Motor Show.



Operational from mid-2017, the new factory will produce batteries for electric and hybrid vehicles under the Mercedes-Benz and Smart brands, it said in a press release.

"To get closer to fully electric driving, we keep investing big in the key component of emission-free vehicles: powerful batteries," said Daimler chairman Dieter Zetsche, who is also boss of Mercedes-Benz Cars.

The US firm Tesla has taken the lead in investment in auto battery research and production. It aims to increase electric car production tenfold to 500,000 autos a year by 2020, supported by its own battery plant under construction in Nevada.

Ambitious production goals

Germany in 2009 set the goal of having around a million electric cars on the road by 2020, but analysts say battery range, infrastructure and price remain major obstacles towards achieving it.

In September 2015, the country had only 19,000 electric cars. German equipment makers such as Bosch and Continental have pulled back from heavy commitments in batteries, launched with Chinese partners.

In November, Volkswagen chief executive Herbert Diess suggested major car makers could work together to produce next-generation batteries.

Source: AFP

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