

Press Release

Dec 10, 2021 | ID: 292748

Volvo Cars and Northvolt to open Gothenburg R&D centre as part of SEK 30bn investment in battery development and manufacturing

Volvo Cars and Northvolt will open a joint research and development (R&D) centre in Gothenburg as part of a SEK 30 billion investment in battery development and manufacturing.

The R&D centre, which will become operational in 2022, will create a few hundred jobs in Gothenburg and positions Volvo Cars as one of the few automotive brands to make battery cell development and production part of its end-to-end engineering capabilities.

Following the partnership announced by both companies earlier this year, Volvo Cars and Northvolt have now signed a binding agreement this week to create a joint venture for the development and sustainable production of batteries for the next generation of pure electric Volvo cars.

The establishment of the new research and development (R&D) centre in Gothenburg will be followed by the construction of a new manufacturing plant in Europe. It will produce next generation state-of-the-art battery cells, specifically developed for use in next generation pure electric Volvo and Polestar cars. The exact location of the plant is expected to be confirmed in early 2022.

The R&D centre will be in close proximity to Volvo Cars' own R&D operations and to Northvolt's existing innovation campus Northvolt Labs in Västerås, Sweden, ensuring synergies and efficiencies as it develops battery technologies.

"Our partnership with Northvolt secures the supply of high-quality, sustainably-produced batteries for the next generation of pure electric Volvos," said Håkan Samuelsson, chief executive for Volvo Cars. "It will strengthen our core competencies and our position in the transformation to a fully electric car company."

The partnership will focus on developing tailor-made batteries that give Volvo drivers what they want, such as range and quick charging times. Volvo Cars is working with Northvolt to create a true end-to-end system for batteries, whereby it develops and builds the batteries itself. This deep vertical integration is important since the battery represents the largest individual cost component in an electric car, as well as a major part of the carbon footprint.

"Volvo Cars is an excellent partner on the road towards building up a supply of battery cells that are made in Europe with a very low carbon footprint, and that are optimized through vehicle integration to get the best performance out of the next generation EVs," said Peter Carlsson, chief executive for Northvolt.

As for their joint battery plant, Volvo Cars and Northvolt are in the final phase of a selection process to find a suitable location in Europe. The plant will have a potential annual capacity of up to 50 gigawatt hours (GWh), which would supply batteries for approximately half a million cars per year. It will start construction in 2023, with large scale production in 2026, and is expected to employ up to 3,000 people.

Alongside battery supply agreements, the partnership with Northvolt secures the European battery cell needs that are part of Volvo Cars' ambitious electrification plans. It aims to sell 50 per cent

pure electric cars by the middle of this decade, and by 2030 it aims to sell only fully electric cars.

The partnership with Northvolt is key to Volvo Cars' ambition to become a leader in the premium electric car segment and sell only pure electric vehicles by 2030. It also represents an important step in strengthening Volvo Cars' own development capabilities.

Volvo Cars in 2020-2021

For the twelve months between July 2020 and June 2021, Volvo Car Group recorded an operating profit of 22.5 BSEK (14.3 BSEK in 2019). Revenue over the period amounted to 292.1 BSEK (274.1 BSEK), while global sales reached 773,000 cars.

About Volvo Car Group

Volvo Cars was founded in 1927. Today, it is one of the most well-known and respected car brands in the world with sales to customers in more than 100 countries. Volvo Cars is listed on the Nasdaq Stockholm exchange, where it is traded under the ticker "VOLCAR B".

Volvo Cars aims to provide customers with the Freedom to Move in a personal, sustainable and safe way. This is reflected in its ambition to become a fully electric car maker by 2030 and in its commitment to an ongoing reduction of its carbon footprint, with the ambition to be a climate-neutral company by 2040.

As of December 2020, Volvo Cars employed approximately 40,000 full-time employees. Volvo Cars' head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars' production plants are located in Gothenburg (Sweden), Ghent (Belgium), South Carolina (US), Chengdu, Daqing and Taizhou (China). The company also has R&D and design centres in Gothenburg, Camarillo (US) and Shanghai (China).

About Northvolt

Northvolt is a European supplier of sustainable, high-quality battery cells and systems. Founded in 2016 to enable the European transition to a decarbonized future, the company has made swift progress on its mission to deliver the world's greenest lithium-ion battery with a minimal CO2 footprint.

Northvolt has to date secured in excess of \$27 billion worth of contracts from key customers, including BMW, Fluence, Scania, Volkswagen, Volvo Cars and Polestar, to support its plan, which includes establishing recycling capabilities to enable 50 percent of all its raw material requirements to be sourced from recycled batteries by 2030.

Keywords:

Sustainability, Press Releases, Electrification

Descriptions and facts in this press material relate to Volvo Cars's international car range. Described features might be optional. Vehicle specifications may vary from one country to another and may be altered without prior notification.

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