

Conclusions

VERKOR EV BATTERY GIGAFACTORY

INVEU-ICR-0044-2023 – Sustainable Infrastructure Window (SIW)

Short description of the financing or investment operation and its objectives

Name of the final recipient	GIGA VERKOR IMMO SAS
Type of the final recipients	Special Purpose Vehicle/Project Company
Country of implementation	France
Implementing partner	European Investment Bank (EIB)

The Operation comprises the construction and operation of a 16 GWh production facility for advanced lithium-ion batteries for Electric Vehicles application. The Project will be located in the Port of Dunkirk, in northern France (Hauts-de-France region) and is the first phase of what could become one of Europe's major battery factories with a total capacity of 50+ GWh by 2030. With 4 production lines, the Project is expected to produce battery cells to equip up to 300,000 vehicles annually. The factory will deliver modules for multi-purpose and multi-brand use, including for small trucks. The implementation of the Project is expected to lead to the creation of 1200+ direct and 3000 indirect jobs in a Transition Region of the EU.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the InvestEU guarantee on 6 July 2023 for the above-mentioned operation.

Europe must master the de-carbonisation of its transport sector. This passes through the transformation of its automotive industry from supplying vehicles running on carbon fuels to vehicles running on electricity. This, in turn, requires the build-up of a European battery industry. Europe lags in the industrialisation of battery technologies and the related know-how. The Project addresses these failures. It has the nature of a public good for that the operator or company cannot capture sufficient financial benefits (knowledge dissemination through technology transfer and education and skills of the local labour, and a lasting specialised infrastructure being made available at no or negligible cost – both in a Cohesion Region; support to EU-based automotive industry in its transition to e-mobility); It generates externalities which the operator or company fails to internalise, such as climate mitigation. The Project also addresses the market failure of insufficient investment in a transition region, thus supporting the strengthening of the EU's economic, social and territorial cohesion.

The Investment Committee recognised the additionality of the Operation. The proposed non-recourse structure is innovative for this type of project, traditionally financed with corporate debt provided by commercial lenders at sponsors' level. EIB's capability to appraise and structure the Project with terms and conditions not readily available on the commercial banking market would bring significant added value to the Promoter. EIB will not only close a large financing gap but also crowd in other financiers. The increased risk profile of the loan beyond what the Bank traditionally regards as acceptable, can be considered thanks to InvestEU protection. Furthermore, the project in a key sector is a relevant asset for the European clean and digital transition.