

# Total, China battery maker team up in latest Big Oil shift



Total SA is tying up with China's Tianneng Group to build batteries, moving into mass production of electricity storage technology after snapping up Saft Groupe SA in 2016.

The joint venture will focus on making and selling advanced lithium-ion cells for electric vehicles, bikes and energy storage equipment in China and worldwide, Total said Thursday in a statement. The French company is among several oil and gas majors investing in the sector as governments clamp down on fossil fuels and carbon curbs tighten.

Power storage could be a lifeline for Big Oil in the long term, offering a new revenue stream as the industry shifts

toward less-polluting energy. Total bought battery maker Saft for 950 million euros (\$1.07 billion) in 2016, while Royal Dutch Shell Plc acquired car-charging operator NewMotion a year later.

Saft, which makes batteries for planes, trains, and military equipment such as missiles and night-vision goggles, had so far avoided the mass market for cars for fear of being squeezed by Asian rivals benefiting from lower production costs and bigger demand.

Chinese, Korean and Japanese manufacturers have taken the lead in batteries for electric vehicles by investing billions in so-called gigafactories to supply global carmakers that are developing low or zero-emission vehicles to meet increasingly stringent government anti-pollution rules.

The Total-Tianneng joint venture will manufacture cells at the Changxing Gigafactory, with potential capacity of 5.5 gigawatt-hours, according to the statement. Total will have a 40 percent stake in the venture, while Tianneng Group will hold the remaining shares. Saft's current capacity for lithium-ion batteries is about 400 megawatt-hours a year, a spokeswoman said.

The joint venture may be up and running within a year to work on new batteries that will be more competitive, a spokeswoman for Saft said.

Total Chief Executive Officer Patrick Pouyanne had complained several times about China's protectionism in terms of batteries, and urged Europe to do the same if it wants to foster a similar industry on its soil.

Germany and France said this year they will put up 1 billion euros and 750 million euros, respectively, in subsidies to co-finance building factories in their respective countries.

Saft last year teamed up with German engineering giant Siemens AG and battery maker Manz AG as well as Belgian chemicals

maker Solvay SA to develop next-generation batteries that would be cheaper, safer and more efficient.

– *With assistance by Amanda Jordan*