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Vietnam Battery - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

https://marketpublishers.com/r/V00BEC368145EN.html
Date: July 2024
Pages: 95
Price: US$ 4,750.00 (Single User License)
ID: V00BEC368145EN

Abstracts

The Vietnam Battery Market size is estimated at USD 326.32 million in 2024, and is expected to reach USD 454.11 million by 2029, growing at a CAGR of 6.83% during the forecast period (2024-2029).

Key Highlights

Over the medium period, factors such as declining lithium-ion battery prices and increasing demand for lead-acid batteries are expected to drive the Vietnamese battery market during the forecast period.

On the other hand, the country relies on pumped hydro storage rather than battery storage systems, which may hinder the growth of battery-based energy storage systems and the battery market during the forecast period.

Nevertheless, the rising focus on technologically advanced batteries by end users and manufacturers will likely create a massive opportunity for battery companies to invest and redirect their resources to make a breakthrough battery technology.

Vietnam Battery Market Trends

The Lead-acid Battery Segment to Dominate the Market

The use of lead-acid batteries in automotive applications contributes to a significant share of the market. Car batteries (except electric vehicles) are mostly SLI batteries, and the lead-acid battery can also be used in applications such as in-vehicle entertainment systems, power steering, power locking, power window systems, etc.

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One key market driver is the rise of the automotive industry in Vietnam. Increased credit availability, economic buoyancy, and lower interest rates have fueled car sales. With increasing vehicle production, especially in the popular SUV segment, demand for lead acid batteries traditionally used in cars, light trucks, and heavy-duty commercial vehicles is bound to rise. The region's economic advancements further amplify this, with easier access to credit and overall growth in the transportation industry. This translates to a growing demand for lead-acid batteries, as they remain the dominant power source for conventional vehicles.

Batteries start automobiles and other internal combustion engines by starting lighting ignition (SLI). Though they are not used for deep discharge applications, they excel in applications requiring a high current for a brief time. SLI batteries are mostly lead-acid batteries used in automotive (excluding electric vehicles) applications. A significant fraction of the lead-acid battery segment is used for SLI applications.

Lead-acid batteries account for more than 60% of the market share for automotive applications. Automotive batteries (excluding electric vehicles) are mostly SLI batteries. A lead-acid battery can also be used for in-vehicle entertainment systems, power steering, power locking, power window systems, etc.

According to the Vietnam Automobile Manufacturers' Association (VAMA), the sales volume of passenger vehicles in the region amounted to about 243 thousand units in 2023, with an annual growth of 2.1 times compared to 2014. The sale is expected to grow exponentially in the upcoming years as numerous EV projects are going to start across the region. The country is investing heavily across the region to boost the number of EV vehicles across the APAC market.

For instance, in June 2023, Foxconn, a contract electronics maker and assembler, received a contract from Vietnam to invest USD 246 million in two new projects in its northern province of Quang Ninh. The company is expected to invest about USD 3 billion in projects to manufacture and assemble electric vehicle (EV) parts across the region. The project is expected to fulfill the increased demand for electric vehicles across the region and significantly boost the demand for lead batteries in the coming years.

PINACO is one of the dominant players in the car battery market, accounting for nearly 40-45% of the market share. The company is a battery supplier to automobile and motorbike manufacturers, such as Ford Vietnam, Suzuki Vietnam, Mercedes-Benz

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Vietnam, Thaco Truong Hai, Kia Motors, Hyundai Vinamotor, Vina Mazda, Honda Vietnam, Mekong Auto, and Samco.

Moreover, increasing telecommunications penetration is driving the demand for telecom infrastructure. The upcoming 5G technology is expected to create additional subscribers, even though consumers may continue using 4G services, thus generating additional demand for regional telecommunication towers.

Hence, such factors are expected to boost the demand for lead-acid batteries and the Vietnamese battery market during the forecast period.

Growing Demand for Lithium-ion Batteries Expected to Drive the Market

Lithium-ion batteries are extensively used in various applications due to their numerous advantages. These systems have gained popularity as a reliable and efficient means of storing electrical energy. A significant advantage of lithium-ion batteries is their high energy density. Lithium-ion batteries can store much energy in a relatively small, lightweight package.

In January 2023, the US Geological Survey (USGS) estimated that of the 86 million tonnes of lithium identified worldwide, 21 million tonnes are native to Bolivia, 19.3 million tonnes to Argentina, and 9.6 million tonnes to Chile. Countries like Vietnam are heavily dependent on imports of lithium ions for battery manufacturing.

The cost of lithium-ion batteries decreased and reached a historic low of USD 139 per kilowatt-hour (kWh) in 2023. This was attributed to the fall in raw material and component prices, facilitated by an increase in production capacity across various segments of the battery value chain.

The trajectory of technological innovation and manufacturing enhancements is anticipated to lead to a further decrease in battery pack prices, with the price projected to reach USD 113/kWh in 2025 and USD 80/kWh in 2030.

Vietnam's government is looking to use technology to develop its significant cities into smart cities. As more people move to urban centers, electric automobiles meet the criteria of smart city concepts.

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In May 2023, Pan Asia Metals signed a non-binding memorandum of understanding (MoU) to examine the feasibility of establishing a standalone lithium conversion factory in Vietnam. With such agreements' approval, lithium-ion battery manufacturing is expected to increase across the country over the coming years.

Moreover, in April 2023, Li-Cycle Holdings Corp., an industry leader in lithium-ion battery resource recovery and North America's lithium-ion battery recycling, and VinES Energy Solutions announced the signing of a definitive agreement for a long-term recycling relationship. According to the agreement, Li-Cycle would become VinES' strategic and preferred recycling partner for Vietnamese-sourced battery materials beginning the next year. Such a trend will likely continue during the forecast period and attract more investments in the country's battery market.

Therefore, the growing demand for lithium-ion batteries is expected to drive the Vietnamese battery market during the forecast period.

Vietnam Battery Industry Overview

The Vietnamese battery market is semi-consolidated. Some of the key players in the market (in no particular order) include Vision Group, PINACO, GS Battery Vietnam Co. Ltd, Heng Li (Vietnam) Battery Technology Co. Ltd, and Leoch Battery Corporation.

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