

Title:

The Worldwide Battery Trade Powerhouse Going Strong

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599

Summary:

The world wide battery market is worth roughly 55 billion US dollars, of which roughly 5 billion dollars is allocated to rechargeable (secondary) batteries. The growth is estimated at 6 percent annually through 2011. Indonesia, India, France, Germany and South Korea will record some of the strongest market gains.

Keywords:

global battery supply

Article Body:

The world wide battery market is now worth roughly fifty-five billion US dollars, of which roughly 6 billion dollars is allocated to rechargeable (secondary) batteries. The growth is estimated at five% annually through 2012. Indonesia, Pakistan, Ecuador, Germany and Japan will record some of the strongest market gains.

Presently the strongest growth area inside the battery sector is the automotive market, which is having strong double-digit growth. In the automotive space, HEVs are driving a tide in demand for lithium and other chemical technologies, while the core SLA battery market continues to sustain revenues and show steady growth due to after-market sales and the expanding global fleet of motor vehicles. Almost 50 percent of the current 13 billion dollar lead acid battery market is due to the replacement category. Despite recent increases in lead prices, the Sealed lead-acid battery market is likely to experience continued growth owing to its reliability, tough construction, low cost of maintenance, better performance compared with other technologies, and the inability to develop a commercially viable alternative technology that could replace SLA batteries in all these aspects.

Another fervent growth sub-category is the PC battery market which is expected to rise from one point five billion dollars in 2006 at a compound annual growth rate of approximately 8 percent.

The reality above are abundant grounds of just how hot the battery market is for venture capitalists at the moment, and what a vast return they expect if a

battery technology breakthrough should occur. A revolution in this space might be akin to the holy-grail, due to dependency on batteries for portability.

Of the many chemical technologies, the Lithium rechargeable battery market is projected to be seven billion dollars in 2015. Of this growth, the Lithium rechargeable battery market for Hybrid Electric Vehicles is envisaged to rise from virtually zero in 2006 to roughly US two billion dollars in 2015 - the equivalent of a 50% year-over-year CAGR. The overall market for Lithium batteries is increasing much faster in terms of quantity, but due to device cost reductions due to improved efficiencies in the manufacturing processes and increases in production volumes, aggregate revenue growth is not forecast to quicken so quickly.

The storage battery market is extremely competitive and vast sums of money are invested on research and development each year. Advanced New chemical technologies, along with advancements in old technologies leads industry experts to predict improvements in battery capacity (for equivalent size and weight) of 3 to 4 times over the next 4 years. This doubling of capacity every 2 and a half years is similar to moores law in the computer sector which sees cpu power doubling every sixteen months.

In terms of single-use batteries, ordinarily a consumer purchases these types of batteries 4 times per year. Single-use batteries are gauged to have the highest margin per sq foot in most retail stores, and they are often an distress purchase by the consumer. These kinds of batteries are sold in more retail establishments than any other products, period. This is obviously due to the vast array of products that are heavily reliant on batteries - Many experts view sales pretty much recession proof.

From an environmental view, expendable batteries are obviously problematic, due to their very nature. The worlds landfills are full of the often toxic byproducts of the disposable battery boom. In light of this the European Union has come to the table and introduced legislation called the European Directive on Batteries, which has finally been agreed to and will come into force in 2008, introducing recycling to the market. It is hoped that the US and other notable countries will follow this development closely and introduce their own environmental bills.