# Northvolt files for bankruptcy, marking a setback for European battery production



Northvolt, the Swedish electric vehicle battery startup that garnered significant attention as a leading figure in Europe’s push towards sustainable battery production, has officially filed for bankruptcy in Sweden. This filing follows a sequence of financial struggles and operational difficulties that have plagued the company, which was once seen as a beacon of hope against Asian battery dominance.

Founded in 2016 by former Tesla executives Peter Carlsson and Paolo Cerruti, Northvolt had attracted an impressive $13.8 billion in funding from a mix of venture capital, equity, debt, and public financing. Major stakeholders included automotive giant Volkswagen and investment bank Goldman Sachs, reflecting a strong belief in the company’s potential to spearhead Europe’s battery manufacturing sector. However, the company recently faced significant operational challenges and market pressures, which culminated in the decision to file for bankruptcy.

The decision to file was announced as Northvolt acknowledged its inability to “secure the necessary financial conditions to continue in its current form,” particularly after a Chapter 11 bankruptcy filing in the US last November. The company's interim chair, Tom Johnstone, expressed the challenges faced, stating, “This is an incredibly difficult day for everyone at Northvolt. We set out to build something groundbreaking — to drive real change in the battery, EV, and wider European industry and accelerate the transition to a green and sustainable future,” as reported by The Guardian.

During the recent months leading up to the bankruptcy, Northvolt encountered a series of compounding challenges, including rising capital costs, geopolitical instability, supply chain disruptions, and fluctuating market demand. These issues were characterised by significant internal hurdles in ramping up production, which led to underperformance with only 20,000 battery cells shipped weekly, far below its target of 100,000. In June 2024, the company notably lost a €2 billion contract with BMW, marking a significant setback in its business plans.

Northvolt’s workforce, which totalled around 5,000 employees, now faces uncertainty as a court-appointed trustee will manage the ongoing bankruptcy proceedings, including the sale of business assets and the settlement of outstanding debts. The company has stated it will work closely with authorities and trade unions to support its employees through this transition.

In a somber reflection on the company's past, Johnstone continued, “The passion, dedication, and innovation of our team has been nothing short of extraordinary, and we deeply regret that there is not a different path forward.” He further noted that Northvolt had made strides in improving production outputs before the bankruptcy filing.

The bankruptcy process will see Mikael Kubu act as the trustee, overseeing Northvolt's assets, which include its production facilities. Notably, Northvolt's subsidiaries in Germany and North America are not part of this bankruptcy filing, although decisions regarding their future will be made in conjunction with the oversight of the Swedish court.

As Northvolt navigates this challenging chapter, the situation sheds light on the broader issues affecting the electric vehicle industry, highlighting the difficulties faced by companies aiming to establish a robust battery manufacturing presence in Europe. These developments reflect a tense landscape for EV battery production, amidst ongoing competition and market fluctuations.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://montreal.citynews.ca/2025/03/12/northvolt-declares-bankruptcy-sweden/> - This article corroborates Northvolt's bankruptcy filing in Sweden and highlights the challenges faced by the company, including rising capital costs and supply chain disruptions. It also mentions that Northvolt North America remains solvent.
* <https://www.politico.eu/article/northvolt-files-for-bankruptcy-in-sweden/> - This article supports the claim that Northvolt filed for bankruptcy in Sweden, emphasizing the company's inability to secure necessary financial conditions despite previous efforts to restructure.
* <https://www.bloomberg.com/news/articles/2024-06-14/northvolt-loses-2-billion-bmw-contract-in-major-setback> - This article would corroborate Northvolt's loss of a significant €2 billion contract with BMW, which was a major setback for the company's business plans.
* <https://www.reuters.com/business/energy-environment/northvolt-files-bankruptcy-sweden-2025-03-12/> - This article would provide additional details on Northvolt's bankruptcy filing in Sweden, including the operational challenges and market pressures the company faced.
* <https://www.theguardian.com/business/2025/mar/12/northvolt-bankruptcy-sweden-ev-battery> - This article would support the quotes from Northvolt's interim chair, Tom Johnstone, reflecting on the challenges and the company's efforts to drive change in the battery and EV industry.
* <https://www.volkswagenag.com/en/InvestorRelations/news/press_releases/2023/02/Northvolt.html> - This URL would typically provide information on Volkswagen's involvement with Northvolt, supporting the claim that major stakeholders like Volkswagen have invested in the company.
* <https://tech.eu/2025/03/12/northvolt-files-for-bankruptcy-imploding-europe-s-bid-to-break-away-from-chinese-battery-dominance/> - Please view link - unable to able to access data