

Panasonic, Tesla to build big US battery plant

July 31 2014, by Yuri Kageyama

(AP)—American electric car maker Tesla Motors Inc. is teaming up with Japanese electronics company Panasonic Corp. to build a battery manufacturing plant in the U.S. expected to create 6,500 jobs.

The companies announced the deal Thursday, but they did not say where in the U.S. the so-called "gigafactory," or large-scale plant, will be built. Financial terms weren't disclosed for the \$5 billion plant.

The plant will produce cells, modules and packs for Tesla's electric vehicles and for the stationary energy storage market, employing 6,500 people by 2020.

Under the agreement, Tesla, based in Palo Alto, California, will prepare, provide and manage the land and buildings, while Osaka-based Panasonic will manufacture and supply the lithium-ion battery cells and invest in equipment.

Tesla CEO Elon Musk has said the factory will help Tesla reduce its battery costs by 30 percent. Tesla needs cheaper batteries in order to produce its mass-market Model 3, an electric car it's developing that would cost around \$30,000. Tesla hopes to have the Model 3 on the road by 2017. The company's only current vehicle, the Model S sedan, starts at \$70,000.

"The Gigafactory represents a fundamental change in the way large-scale battery production can be realized," said Tesla Chief Technical Officer

and co-founder JB Straubel, referring to the cost reductions.

Sales of zero-emission electric vehicles account for less than 1 percent of the global auto market. But worries about global warming and more stringent emissions regulations in many countries are expected to boost sales of electric and other green vehicles.

Yoshihiko Yamada, executive vice president of Panasonic, said the planned factory will help the electric vehicle market grow.

Panasonic, which has ceded much of its strength in consumer electronics to competitors, is putting more focus on businesses that serve other industries, including batteries.

It remains powerful in Japan and some overseas markets in consumer products such as refrigerators, washing machines and batteries for gadgets.

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