

Tesla gets \$520 mn funding for first Chinese plant

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Electric carmaker Tesla has won more than \$520 million in loans from

Chinese banks to build its first overseas car plant near Shanghai, the first foreign automaker to wholly own a factory in China.

The funding, announced on Thursday, is an important boost for the California-based firm, which has been in negotiations with Beijing for years over building the plant in the world's biggest electric car market.

The US giant will make its Model 3 sedans at the factory—initially targeting 3,000 cars a week before ramping up annual production to 500,000—which it plans to have operational by the end of the year.

Tesla chief executive Elon Musk was in China in January for the groundbreaking of the factory, where he said he planned to approach local banks for the money to get the plant built and into production.

Musk is betting on China's growing market for [electric cars](#) as Beijing pushes the industry away from fossil fuel vehicles.

Manufacturing locally is expected to help Tesla avoid some of the impact of trade tensions between the US and China, as well as reduce its production costs.

According to a regulatory filing, Tesla has secured \$521 million from four domestic banks—the Industrial & Commercial Bank of China, the Chinese Construction Bank, Agricultural Bank of China, and the Shanghai Pudong Development Bank.

Tesla shares rose more than two percent in after-hours New York trading.

China is by far the world's biggest car market and sales there have been on an upwards trajectory for years, although they slipped 2.8 percent in 2018.

Sales of electric vehicles and hybrids have meanwhile continued to swell—jumping 62 percent last year—but only make up just four percent of overall sales in China.

Tesla remains in the lead, but is followed by three Chinese brands—BAIC, BYD and Zotye—according to analysis provider Jato Dynamics.

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