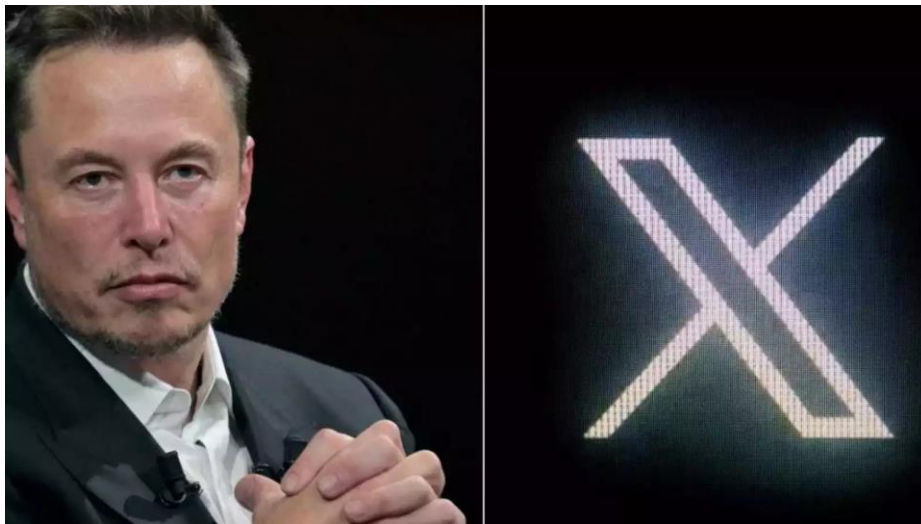


Elon Musk Lands In China

Why In News

- **Tesla CEO Elon Musk** has headed to China on a surprise visit to the country, which is also the **second biggest market** of the electric vehicle giant.
- Musk's visit to China comes a week after his visit to **India was postponed** due to **'Tesla obligations.'** He was scheduled to meet with Prime Minister Narendra Modi and announce plans to enter the Indian market.



About The Visit

- Meanwhile, as of now, Musk is seeking to meet senior Chinese officials in Beijing to discuss the rollout of **Full-Self Driving (FSD) software in China** and to obtain approval to transfer data collected in the country abroad to train algorithms for its autonomous driving technologies.



- As per the report, **Tesla is working on getting FSD**, the most advanced version of its Autopilot technology, into new markets. **Its vehicles have been banned** from military compounds in China and some other government venues in the past, likely due to cybersecurity concerns over the cameras installed in the vehicles to operate.



- **Musk's visit coincides with the Beijing autoshow**, which opened last week and ends on May 4. Tesla does not have a booth at China's largest autoshow and last attended in 2021. Tesla recently said it will be **using its existing factories** to produce new and more affordable vehicles.
- This renders plans for **new factories in Mexico and India** in an uncertain state at least for the foreseeable future. The EV manufacturer aims to increase production by **50 per cent compared** from 2023 to nearly 3 million vehicles before considering investments in new manufacturing lines.



- While this approach may result in **less cost reduction** than previously anticipated, Tesla emphasized its ability to prudently expand vehicle volumes in a more capital-efficient manner amid uncertain market conditions.

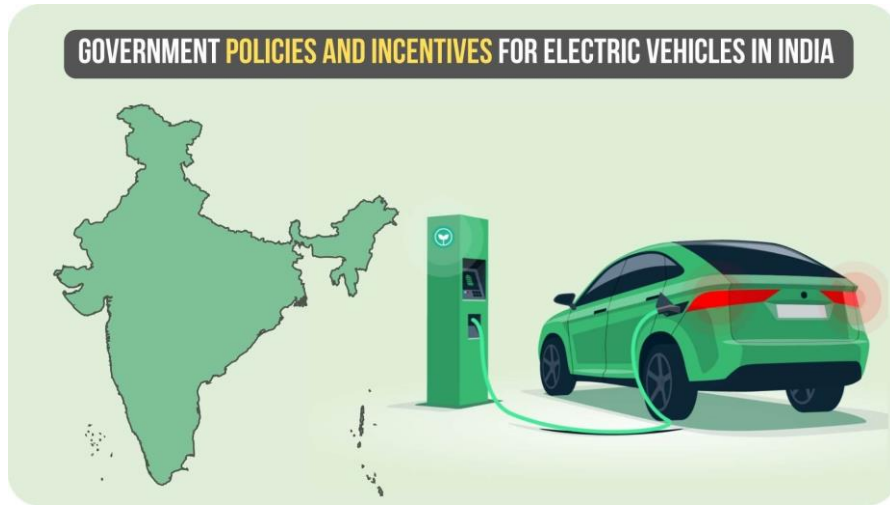
- While New Delhi has only rolled out an **electric vehicle policy (EV)** last month, largely to accommodate the Texas-based carmaker, Tesla operates its biggest plant globally in Shanghai, producing over **1 million units of Model 3** and Model Y cars a year.



- Chinese state media reported that **Musk met Chinese Premier Li Qiang in Beijing** on Sunday during which Li told Musk that Tesla's development in China could be regarded as a successful example of US-China economic and trade cooperation.
- **Tesla has sold more than 1.7 million cars in China** since it entered the market a decade ago. Moreover, China is also crucial for Tesla as it supplies its cars to New Zealand, Australia and Europe.

India's Steps

- **Prior to Musk's visit to India**, policymakers had kickstarted the consultation process to release guidelines for the EV policy. Hours after Musk announced on April 20 that he is postponing his visit to India, **Union Finance Minister Nirmala Sitharaman** had said that India is making policies to ensure big companies are attracted to India for investment, especially in light of industries expressing concerns around China.
- To attract investments into the EV space, the Centre has lowered import duties to **15 per cent from 100 per cent for models** of electric cars with a combined cost, insurance, **freight prices of \$35,000** or above for five years, a key precondition for Tesla's entry to test out the "market potential" in India.



- Earlier, the Centre is learnt to have turned down China-based BYD's proposal to build a **\$1-billion EV plant in partnership** with Hyderabad-based Megha Engineering and Infrastructures Ltd in June last year. The rejection of the proposal was in line with India's broad policy to filter Chinese investments in crucial sectors in India.



- A vibrant EV ecosystem is part of India's policy push to help reduce extreme dependence on imported crude oil. India's oil import dependency for FY24 **climbed to 87.7% from 87.4% in FY23**, according to official data. Cutting costly oil imports continues to be a key focus area for the government, and it also found a mention in the BJP manifesto for the 2024 Lok Sabha polls.
- A **similar strategy was seen in the case of mobile manufacturing** where Apple and other global mobile phone manufacturers are receiving incentives under the Production Linked Incentive Scheme to begin making phones in India and help create a broader manufacturing base in the country.