

Tesla's long-delayed gigafactory gets conditional green light

BERLIN: Tesla Inc has received a conditional go-ahead for its German gigafactory near Berlin, the state of Brandenburg said, ending months of delay for the €5bil (US\$5.5bil or RM22.83bil) landmark plant.

The gigafactory, which is crucial to Tesla chief executive Elon Musk's ambitions to vanquish European market leader Volkswagen, was initially supposed to open last summer.

Germany's largest automaker has the upper hand in Europe, with a 25% share of electric vehicle (EV) sales to Tesla's 13%.

Brandenburg state premier Dietmar Woidke told a news briefing that the development marked "a big step into the future", adding that the Tesla plant would be a major industrial and technological driver for Germany and the region.

Around 2,600 of the plant's expected 12,000 workers have been hired so far, unions said last month, and Tesla is in talks with numerous parts suppliers in the region to source as much as possible locally, lowering waiting times and costs.

Underlining the intense competition facing Tesla, Volkswagen said last Friday it would spend about €2bil (RM9.13bil) on a new factory near its Wolfsburg headquarters to make the *Trinity*, the first of a new generation of EVs

for the German carmaker, with construction due to start next year.

The conditional building permit for Tesla does not mean the United States-based EV pioneer can start production right away. It must first prove that it fulfills numerous conditions, including in water use and air pollution control.

Only then will Tesla get its long-awaited operating permit and actually start rolling out the 500,000 battery-powered vehicles it wants to produce each year at the new plant, located in the small community of Gruenheide.

Another hurdle to secure the site's water supply emerged late last Friday, when a Frankfurt Oder administrative court sided with environmental groups who had challenged a licence given to a local water utility to supply the Tesla site.

But the court said the procedural errors made in the licensing decision could be remedied by the water utility, leaving open the door for the water supply arrangement to be salvaged.

Kickstarting production in Germany would mean Tesla can deliver its *Model Y* cars to European customers faster and more cheaply, after meeting orders in Europe from its Shanghai factory in recent months as it awaited approval for the site. — Reuters



Ambitious plan: A road sign for the Tesla gigafactory construction site in Gruenheide. The project is crucial to Tesla chief executive Elon Musk's ambitions to vanquish European market leader Volkswagen. — Bloomberg