

AUTOMOTIVE

## Tesla supports China's plan to eliminate gas-powered vehicles

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*Tesla looks to comer the Chinese market with factory in Shanghai. Image credit: Tesla*

By BRIELLE JAEKEL

U.S. automaker Tesla is responding to luxury automotive's growth in China by signing a preliminary agreement for an endeavor that will dramatically reduce cost in terms of product sales in the region.

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The Wall Street Journal has reported that Tesla signed a preliminary agreement with the government of Shanghai to build a factory. Luxury automakers have been bullish on the Chinese market with the demand steadily growing.

Chinese importance

Tesla's move into China does not come as a surprise to experts, since the area is becoming more focused on sustainability in the automotive department and luxury auto demand is rising.

As electricity continues to grow as an important part of the auto industry, China has announced plans to join India in the fight to ban fossil fuel-powered vehicles by a yet-to-be-determined date.



*Tesla's Model X*

China will become the largest auto market to cease the selling of fossil fuel-powered vehicles as it looks to set a

deadline, according to Bloomberg. China's move comes after a few other important markets have made similar decisions in the effort to combat climate change and environmental impact ([see more](#)).

The Chinese government is working on a proposal that will allow wholly owned EV factories in free-trade zones.



*Tesla Model S*

The population of affluent consumers in China is continuing to grow at an impressive rate, with the collective wealth of the top 100 consumers in China growing 60 percent year-over-year.

This data comes from Hurun's annual "Richest People in China Index" which categorizes and ranks the ultra-wealthy in China as well as analyzing the state of affluent consumers in the country. This report shows that China is continuing to be a hub for newly affluent consumers who will be a valuable customer base for luxury brands ([see more](#)).

#### Tesla's influence

These factors will propel Tesla to be successful in the Chinese market. A new factory will also reduce costs associated with selling its vehicles overseas and allow for a more robust presence in the area.

Within a statement made on WeChat, Tesla explained that the bulk of its production will remain in the United States but it hopes to seek out new local factories around the world to establish itself in more markets.

Currently, Chinese electric automaker BYD has a stronghold on electric vehicle production in the company and Tesla's presence will likely make a significant impact on the industry.

The automaker recently saw an uptick in stock prices after China's gas-powered vehicle ban was announced.