

Tesla wins key China security clearance during Musk visit

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Tesla CEO Elon Musk's aircraft is seen at the Beijing airport on April 29, 2024.

Tesla received a key security clearance from China during owner Elon Musk's whistlestop visit to the world's biggest electric car market, which wrapped up on Monday.

The tech billionaire arrived on Sunday for his second trip to China in less than a year, meeting top officials including Premier Li Qiang as he worked to boost his electric car company's fortunes in the face of intense competition from local challengers such as BYD.

On the same day, Tesla's locally produced models were listed among the EVs that meet China's data security requirements for smart cars, clearing a key regulatory hurdle.

Musk left by private jet on Monday.

Despite the growing market share of domestic automakers, Teslas remain among the best-selling EVs in China.

The firm has been working to boost sales through its "Full Self Driving" (FSD) features, which need to be compliant with strict data and privacy laws.

It appeared to inch closer to that approval by teaming up with Chinese tech titan Baidu for maps and navigation, Bloomberg reported Monday.

These advanced assisted driving features do not make its cars fully autonomous, and Tesla says its autopilot and FSD capabilities are meant to be used under driver supervision.

It sells FSD to Tesla owners for \$8,000 in the United States, or for a \$99 monthly subscription.

Tesla did not immediately respond to AFP queries about FSD in China and the reported partnership with Baidu.



Tesla CEO Elon Musk gets off a minibus before boarding his private plane at Beijing airport.

Earlier this month, in response to a question on his social media platform X, Musk said FSD availability in China "may be possible very soon".

That report came a day after the China Association of Automobile Manufacturers (CAAM) said Tesla's Model 3 and Model Y were compliant with data security laws.

CAAM, which tested vehicles with a national computer security regulator, said in a statement that the approved models satisfied rules on the collection and processing of personal data, including the recordings of faces outside the car.

FSD 'no guarantee'

FSD could help Tesla cars stand out in a Chinese market awash with models that offer customers a wide variety of connected and smart features, analysts said.

Tesla's Model 3 and Model Y "have become uncompetitive", said Tu Le, the founder and managing director of Sino Auto Insights.

"There's still no guarantee of additional sales but without FSD, Tesla has nothing new to offer consumers who are now used to seeing refreshes on EVs every 6-9 months."

In a note on Monday, Wedbush Securities analysts said the "long term valuation story at Tesla hinges on FSD and autonomous".

"If Musk is able to obtain approval from Beijing to transfer data collected in China abroad this would be pivotal around the acceleration of training its algorithms for its autonomous technology globally," they added.

Tesla's stock was up more than 15 percent at the close of trading in New York on Monday.



The China Association of Automobile Manufacturers has said Tesla's Model Y (pictured) was compliant with data security laws.

However, the cost of FSD on top of Tesla cars' retail price may prove to be a hurdle for Chinese consumers.

"Tesla's FSD is not free... There doesn't seem to be much willingness among current Chinese Tesla owners to pay for and use it," Zhong Shi, an analyst with the China Automobile Dealers Association, told AFP.

"Many Chinese car companies offer similar features for free or at discounted prices, so users are willing to try it because it doesn't add to their financial burden."

China has led the electric car revolution.

"Based on today's policy settings, almost 1 in 3 cars on the roads in China by 2030 is set to be electric," the International Energy Agency said last week in its annual Global EV Outlook.

Musk and Tesla's China efforts reflect the importance of this hugely lucrative market for foreign automakers.

Two Japanese car giants last week said they would team up with Chinese tech firms to enhance their artificial intelligence capabilities.

Toyota said it would join hands with gaming giant Tencent on AI to try and capitalize on Chinese consumers' growing appetite for advanced smart features in the cars it sells in China.

Like other foreign manufacturers, Toyota has struggled to keep up in the ultra-competitive Chinese market, especially as it shifts to electric.

Toyota competitor Nissan also said it would work with Baidu in the same field, cooperating on AI research and to use the Chinese search engine giant's AI tech in cars for the local market.

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