Tesla Fires German Supplier, Says It's Not To Please Trump

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Elon Musk attends meeting with President Trump (Photo: Chip Somodevilla/Getty Images)

Last Tuesday, shares of SHW, a German maker of engine pumps and brake discs, plummeted when the company announced that a maker of fully electric cars had canceled an order of parts worth more than \$100 million. Now Californian carmaker Tesla Motors has confirmed that it was the customer, "but denied the move has anything to do with U.S. President Donald Trump's economic policies," <u>as Germany's Handelsblatt wrote today.</u>

SHW never disclosed the name of the automaker that had canceled the order, but <u>Tesla confirmed</u> <u>yesterday evening vis-à-vis Germany's Wirtschaftswoche</u> that "Tesla is the maker of electric vehicles, and that Tesla was forced to cancel the order because performance and quality standards were not met." Tesla also claimed that SHW broke confidentiality clauses. Tesla was forced to take drastic measures, the company told the German magazine, so that the production plan of Tesla's upcoming Model 3 is not imperiled.

SHW denies any quality problems.

<u>Tesla told Reuters</u> that the thought that the company would try to please Trump is ridiculous:

"The main reason why we now confirm that we canceled the order is to counter those utopian claims that we were acting in response to political pressure. The fact is the order was canceled because technical standards weren't complied with."

Meanwhile, Handelsblatt points out that

"Tesla's Chief Executive Elon Musk is an advisor to Mr. Trump, who has urged car makers to cancel building plants outside the United States and buy locally manufactured vehicles and car parts instead."

On Friday, Tesla sent Reuters a statement, saying

"Tesla's policy is to terminate any supplier that is unable to meet their contractual milestones or violates their non-disclosure agreement. We have to be firm in this regard in order to keep the Model 3 program on schedule and prevent plot spoilers."

Tesla has a history of blaming German suppliers for its shortcomings. <u>In January 2016</u>, <u>Tesla filed a federal lawsuit against German partsmaker Hoerbiger</u> "for allegedly misrepresenting its ability to design the signature "falcon wing" doors on its Model X electric sport-utility vehicle, thereby shifting the blame for the delay of Tesla's ill-fated SUV on the Germans. <u>Last September</u>, the matter was settled <u>out of court</u>.

Hint for those trying to time the delivery of the Model 3: The canceled parts were supposed to be ready for delivery in September 2017, Wirtschaftswoche said. When the new, and hopefully American supplier will deliver, is unknown.

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