


Why Tesla Is Secretly Thrilled With Trumps Controversial Budget

Donald Trump's controversial budget proposal aims to kill a pro-EV program. Here's why Tesla should secretly be thrilled.

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 teslak, elon musk, trump budget proposal

He might not say it out loud, but Elon Musk is likely secretly pleased with Trump's controversial budget. | Source: AP Photo / Jae C. Hong

- The Donald Trump administration is seeking to dismantle a program benefiting the EV industry.

- You might think Tesla, a longtime beneficiary of the program, should cringe at its proposed cancellation.
- But there's a surprising reason Elon Musk should secretly cheer Trump's budget.

President Donald Trump's latest controversial budget proposal seems destined to make America's electric vehicle industry grate its teeth.

Never fond of electric vehicles, [Trump aims to nix a program that gives sweetheart loans to auto companies](#) that develop fuel-efficient vehicles.

Trump Aims to Kill Pro-EV Program That Benefited Tesla

First authorized in 2007, the Advanced Technology Vehicle Manufacturing Loan Program (ATVM) has doled out cash to both disruptive carmakers like Tesla (NASDAQ:TSLA) and legacy manufacturers like Ford (NYSE:F).

Tesla received \$465 million in January 2010 to build the Model S and finance its Fremont manufacturing facility. The company paid off the loan in May 2013.



Tesla paid off its \$450 million loan in 2013 | Source:
Energy.gov

Trump's Budget Is a Blessing in Disguise for Elon Musk

The program gave Elon Musk's upstart company a competitive advantage in 2010. A decade later, its demise could secretly benefit Tesla even more.

The climate-hostile provisions in Trump's proposed budget would have a number of casualties, including EV startup Lordstown Motors Corp.

The company [planned to borrow \\$200 million from the program](#) to transform a former GM (NYSE:GM) factory in Lordstown, Ohio, into an electric truck manufacturing plant.

Without federal financing, Lordstown's plans could be dead in the water. At best, the company would have to scale back its growth targets, giving market leader Tesla even more time to expand its industry dominance.

Tesla Does Not Want Another Rivian

Why would Tesla worry about a startup that's still in the planning stages? Because Tesla's greatest threats aren't established automakers. It's the startups you didn't see coming. Startups like Rivian.

Despite having never mass-produced a single vehicle, Rivian has already bagged an order to [produce 100,000 delivery vans for Amazon](#).

That's an intimidating feat, even for an established player like Tesla. It [took Tesla 13 years](#) before it surpassed combined sales of 100,000 vehicles.

Killing the ATVM program would dramatically raise the barrier of entry into the EV space by making it harder for startups to secure capital.

Founders will discover that investors are much less free with their purse-strings than government bureaucrats.

Combine the newfound difficulty of securing financing with a push to [eliminate federal incentives](#) given to buyers of EV cars, and the hurdles rise even higher.

Trump & Musk Have a Rocky History

Trump's budget proposal comes just weeks after the president lavished praise on Elon Musk, who is also the CEO of SpaceX.

In an interview with CNBC, [Trump likened the Musk](#) to Thomas Edison.

[Musk is] one of our very smart people and we want to cherish those people.

Source: [Twitter](#)

Musk and Trump have not always been pals, though.

Two years ago, Musk [embarrassed Trump by quitting his business advisory council](#) after the president pulled the U.S. out of the Paris climate agreement. Trump [torched Musk](#) as a “grandstander.”

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*This article was edited by **Josiah Wilmoth**.*

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