Tesla reports 87% growth in 2021, buoyed by Europe, China EV sales

The news: Tesla reported that it delivered 936,000 cars in 2021, an 87% increase from the previous year. The EV maker managed to amplify production despite the global chip shortage that reportedly took a $210 billion toll on the automotive industry.

Why it’s worth watching: The company continued to dominate with a 71% increase in deliveries—mostly Model 3 sedans and Model Y hatchbacks—for the fourth quarter alone, or
a total of 308,000 vehicles, per The New York Times.

- Tesla managed to thrive in 2021 despite the crushing global chip shortage, which ground various production lines to a halt.

- As governments and carmakers made commitments to shifting to EVs, Tesla rode the EV wave as the leading manufacturer, with multiple models as well as a cohesive battery-charging infrastructure.

- The market value for Tesla exceeded $1 trillion in October, making it more valuable than GM, Ford, Toyota, Volkswagen, Stellantis, BMW, and several other automotive giants combined.

- Tesla’s accelerated growth can be attributed to strong sales in China, the world’s leading EV market, as well as in Europe. The company has plans of increasing output by 50% per year for the next several years.

**Hyperscale has a cost:** While Tesla is reaping the rewards of its EV leadership position, its rush to deliver orders exposes various safety and quality control issues that could potentially erode its reputation.

- In June, Tesla recalled 285,510 vehicles in China due to a cruise control safety issue that caused cars to speed up unexpectedly. Regulators have questioned the quality of Chinese-made Model 3s for “abnormal acceleration” and battery fires.

- Texas law enforcement officials filed a lawsuit in September against Tesla over allegations that an Autopilot-enabled Model X crashed into and injured five officers at a traffic stop.

- Tesla told federal regulators in December that it planned to recall more than 475,000 cars for multiple defects that affect safety. Issues include a misaligned latch on the hood that could unexpectedly pop open and faulty wiring on a rearview camera.

- Also in December, the National Highway Traffic Safety Administration opened a probe into Tesla’s allowing people to play video games on the cars’ touchscreens while in motion.

**What’s next?** Tesla will continue to grow its leadership position in 2022 as competition rushes to ramp up competitive EVs, but it will have to double-down on quality and safety of its products in the face of increased scrutiny.