

CASTLE QUESTIONS THE BIG THREE -- November 20, 2008

CEOs for US Auto

Manufacturers Appeal to Congress for Federal Aid

Washington, DC -- Today, Delaware Congressman Mike Castle, senior members of the U.S. House of Representatives Financial Services Committee, listened to requests from top executives of domestic auto manufacturing companies, as well as other experts and stakeholders for federal assistance for the American auto industry. Panelists made desperate appeals for federal aid in order to prevent the loss of over 2 million jobs.

At the hearing, Congressman Castle expressed his concerns about the implications of this problem on the State of Delaware specifically.

"When we talk about the condition of the United States automobile manufacturing industry, we naturally focus on Michigan and areas in the Midwest," said Rep. Castle. "Yet this is a national dilemma, with far-reaching implications across our economy. My home state of Delaware has been hit hard by plant closings and lay-offs this fall. Last month, Chrysler announced plans to close its plant in Newark, Delaware, which makes the Dodge Durango and Chrysler Aspen. This facility will be shuttered at the end of next month, costing the jobs of 1,100 workers in our state."

"Additionally, the GM plant outside of Wilmington, Delaware, has announced it will cut 400 jobs next month and the auto-parts supplier, Lear Corp, which builds seats for SUVs in Newark, will shutdown and lay-off all of its 136 employees in the next several weeks. This represents nearly 2,000 jobs, or six percent of my state's entire manufacturing workforce, lost in a matter of a few months."

In addition, Castle told auto execs, "Confronted with high energy prices, global competition, and environmental concerns, consumers are demanding clean, fuel-efficient, and affordable vehicles. Unfortunately, the lack of vision from industry leaders has caused American automobile manufacturers to miss opportunities to invest in new technology, falling behind our global competitors when it comes to developing the next generation of vehicles. During my time in Congress - and before that as Governor of Delaware - I repeatedly delivered this message to automakers. In January of last year, I even flew to Detroit and met with leaders of the auto industry and the UAW to discuss the challenges we are facing." He continued, "Before any federal assistance is considered, strong taxpayer protections must be put into place to impose strong limits on executive compensation, including a ban on so-called 'golden parachute' payments, a prohibition on dividend payments over the life of the loans, rigorous independent oversight, and provisions for the government taking warrants and allowing the taxpayer to profit in any upside of the restructuring."

At the hearing, lawmakers vetted a legislative proposal that would give struggling U.S. auto industry relief by extending approximately \$ 25 billion loans to the U.S. car manufacturers, under the Department of Treasury's Troubled Asset Relief Program (TARP). The loans are intended to help the struggling automakers survive while they prepare plans to restructure their companies to build more competitive, fuel-efficient, and technologically-advanced vehicles.

To learn more about the proposed legislation, click here: http://www.house.gov/apps/list/press/financialsvcs_dem/press111708.shtml.

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