

U.S. Auto Industry Seeks Immediate Assistance

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By Edd G. Snyder / General Motors Communications

The financial storm that has swept across the globe since late summer has touched virtually every segment of the economy. It's hit millions of homeowners and affected thousands of small businesses as well as major corporations and even sovereign governments. It has had a devastating effect on the auto industry, which has encountered a sales slump unlike any other in more than two decades and 2.5 million jobs in the U.S. are at risk.

The financial crisis is affecting the auto industry because the car business runs on credit, and the credit markets are not functioning as normal. Many lenders have suffered loan losses and have either decreased or stopped lending. As a result, automakers and suppliers are unable to get credit to invest in retooling factories or developing advanced-propulsion technologies. Auto dealers are unable to get credit to finance their inventories and other routine business expenses. At the same time, many consumers find it more difficult to obtain credit for a car purchase while low consumer confidence prevents those with approved credit from buying a car.

Every state and virtually every community in America has a stake in the future of the domestic auto industry. In the U.S., General Motors, Ford and Chrysler directly employ 240,000 people, provide health care to nearly 2 million Americans, and pay pension benefits to 775,000 retirees and surviving spouses.

GM, Ford and Chrysler support another 5 million American jobs at parts suppliers, service providers, and dealerships, supporting jobs in all 50 states. In fact, GM alone has more than 6,000 dealerships in the U.S.; these independent small businesses employ 344,000 people.

According to a recent study by the Center for Automotive Research (CAR), if the domestic automakers cut output and employment by 50 percent, nearly 2.5 million jobs would be lost and governments would lose \$108-billion in revenue over three years.

Economically, almost 4 percent of U.S. gross domestic product is auto-related, representing 10 percent of U.S. industrial production by value. One out of every 10 U.S. jobs is connected to the industry. In fact, GM, Ford and Chrysler account for roughly 70 percent of U.S. auto production and last year purchased \$156 billion in U.S. auto parts. The industry is the largest purchaser of U.S. steel, aluminum, iron, copper, plastics, rubber and computer chips.

Domestic automakers are requesting government assistance to stabilize the industry and protect jobs and communities. Immediate government action can give the American auto industry a needed boost. At the same time, it will help maintain U.S. competitiveness and meet vital economic, energy and environmental goals. Go to <http://www.gmfactsandfiction.com> if you wish to learn more about the current crisis and to tell your U.S. Senators and Representatives that you support providing immediate assistance to the U.S. auto industry during this critical transformation period.

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