



## Discussion of Additional Aid for the Domestic Automotive Industry

November 6, 2008

As officials at the United States Department of Energy work to implement the \$25 billion Advanced Technology Vehicles Manufacturing Loan Program funded through H.R. 2638, the Fiscal Year 2009 Continuing Resolution (CR), there is discussion among those in Congress, the Bush administration and President-elect Obama regarding additional aid for the domestic automotive industry.

House Democrats are considering up to an additional \$25 billion for the auto industry, but it is not yet clear whether it would be in the form of additional loans for retooling or for more direct financial assistance. This is an issue that could be taken up when Congress resumes for a lame duck session on November 17, 2008.

### Federal Aid under the Emergency Economic Stabilization Act (EESA) for Automakers

While Treasury officials have denied the request from GM and Chrysler for \$10 billion in direct assistance to enable a merger of the two companies, it is still possible the automakers could receive assistance under EESA's Troubled Assets Relief Program (TARP), which the Treasury is working to implement. Under TARP, the Treasury would potentially purchase auto loans from the auto financing companies.

There has been mention by Bush administration officials about possible assistance for automakers from the United States Department of Commerce, but details are scarce on how that department would become involved.

Additionally, six state governors (Granholm-MI, Bechar-KY, Strickland-OH, Miner-DE, Paterson-NY and Rounds-SD) have contacted Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke urging assistance for the auto industry; they have also contacted their networks of suppliers, vendors, dealers and other businesses and the communities that rely on those businesses to face the challenges ahead.

### Request for Federal Assistance to Auto Suppliers

The Motor & Equipment Manufacturers Association has called on President Bush to expedite the \$25 billion in loans for retooling authorized through the CR and requested that a loan guarantee program be established for suppliers under TARP.

(<http://www.mema.org/news/releasedetail.php?id=454>)

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