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Program Will Aid Critical Sector of American Economy

WASHINGTON, DC – The U.S. Department of the Treasury today announced a new program to help stabilize the auto supply base and restore credit flows in a critical sector of the American economy. As the President's Task Force on the Auto Industry continues to review restructuring plans submitted by General Motors and Chrysler, Treasury announced an Auto Supplier Support Program that will provide up to \$5 billion in financing, giving suppliers the confidence they need to continue shipping parts, pay their employees and continue their operations.

As rising unemployment and contracting credit continue to threaten economic recovery, today's announcement will support an industry employing more than 500,000 American workers across the country. Because of the credit crisis and the rapid decline in auto sales, many of the nation's auto parts suppliers are unable to access credit and are facing growing uncertainty about the prospects for their businesses and for the auto companies that rely on the parts they ship. This program will help break this cycle and provide confidence in the supplier base at an important time for the domestic auto industry. It is part of the Administration's broader efforts to ensure that our Financial Stability Plan reaches the main street businesses that create good jobs for American workers.

"The Supplier Support Program will help stabilize a critical component of the American auto industry during the difficult period of restructuring the lies ahead," said Treasury Secretary Geithner. "The program will provide supply companies with much needed access to liquidity to assist them in meeting payrolls and covering their expenses, while giving the domestic auto companies reliable access to the parts they need."

An overview of the Auto Supplier Support Program is below. A full fact sheet on the program can be found here:

http://www.treas.gov/press/releases/docs/supplier_support_program_3_18.pdf

- The program will provide suppliers with access to government-backed protection that money owed to them for the products they ship will be paid no matter what happens to the recipient car company.
- Participating suppliers will also be able to sell their receivables into the program at a modest discount. This will provide suppliers with desperately needed funding to operate their businesses and help unlock credit more broadly in the supplier industry.

The program will be run through American auto companies that agree to participate in the program. Suppliers to those companies that agree to maintain qualifying commercial terms will have the opportunity to request this government backed protection. If granted, the supplier will pay a small fee for the right to participate in the program. The Treasury Department has made available up to \$5 billion in financing under this program