



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA - UAW

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IN REPLY REFER TO

May 5, 2009

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Dear Representative:

The UAW wishes to share its views with you concerning the ongoing restructuring of Chrysler and General Motors.

Chrysler

Last week President Obama announced continued government support for Chrysler as it proceeds with its restructuring process. The UAW applauds the President for taking this decisive action. We also appreciate his recognition of the tremendous sacrifices that have been made by active and retired UAW members – both in the new contract that was just ratified, as well as previous concessions – to facilitate the restructuring process and help Chrysler survive.

The restructuring process will now be completed through an expedited Chapter 11 bankruptcy proceeding expected to last 30-60 days. Through this process, the alliance between Chrysler and Fiat will be finalized. The Treasury Department, Chrysler and Fiat will be joining with the UAW to urge the bankruptcy court to quickly approve the new contract ratified by UAW members. This new contract more than satisfies the conditions previously set forth in the Treasury loan agreements. The compensation paid to active employees will be fully competitive with the compensation paid by foreign companies at their transplant operations in the United States. Retiree health care benefits have been scaled back, and the retiree benefits trust fund will be taking half of the contributions owed by the company in the form of stock.

It is important to note that the Chrysler/Fiat alliance includes a commitment from Fiat to manufacture a small car in one of Chrysler's U.S. assembly facilities. It also includes a commitment from Fiat to share its key technology - engines and product platforms - with Chrysler, which is equivalent to an investment of more than \$8 billion. Together with the sacrifices by UAW active and retired members, these investments will help to secure the long-term economic viability of Chrysler and will create 4000 new jobs in this country.

General Motors

UAW active and retired members continue to be prepared to make similar sacrifices to facilitate the restructuring of General Motors. Unfortunately, the latest restructuring plan put forward by the company calls for the closing of 16 manufacturing facilities in this country, including four assembly plants. This will result in the direct loss of 21,000 jobs. The ripple effect at suppliers, dealers, and other businesses will cost tens of thousands of additional jobs, devastating numerous communities across the United States.

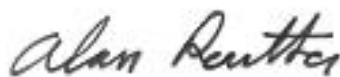
Incredibly, between 2010-2014 GM's restructuring plan also calls for a 98% increase in the number of vehicles it will be importing into the United States from Mexico, Korea, Japan and China, with the number of imports from these countries increasing from 371,547 to 736,743. As a result, the share of GM's sales in the U.S. market that will be imported from these countries will increase from 15.5% to 23.5%. *The overall number of vehicles GM will be importing in 2014 represents the production of four assembly plants, the same number that GM plans to close in the United States.*

The UAW recognizes that GM needs to "right-size" its production in the U.S. to reflect current reduced consumer demand for its vehicles. We also recognize that automakers will have facilities in other countries so they can build vehicles in the markets where they sell them. But the UAW strongly objects to GM's restructuring plan because it essentially means that GM will be shifting more of its manufacturing footprint from the U.S. to Mexico, Korea, Japan and China, and importing more of the vehicles it sells in the U.S. market from these countries. In our judgment, if GM is going to receive government assistance to facilitate its restructuring, along with the benefits from tremendous sacrifices by UAW members and other stakeholders, we believe it should have an obligation to build in this country the vehicles it will be selling in the U.S. market, thereby maintaining the maximum number of jobs in the United States. *GM should not be taking taxpayers' money simply to finance the outsourcing of jobs to other countries.*

The UAW urges you to join with us in expressing your opposition to GM's plans to close factories and eliminate jobs in the United States while it is increasing imports from other countries. In addition to expressing this directly to GM, we urge you to join us in calling on the Obama administration to insist, as part of the terms of any further government assistance, that GM be required to maintain the maximum number of jobs in the U.S., instead of outsourcing more production to other countries.

Thank you for considering our views on these critically important issues.

Sincerely,



Alan Reuther
Legislative Director