

Ensuring the Future of the American Automobile Industry -- February 2007

Senator Joe Biden and Congressman Mike Castle

Last week, Daimler Chrysler announced their three-year plan for reorganization. We strongly disagree with their decision to idle the Newark Assembly plant at the end of 2009. We have a stellar workforce and our main concern is for the thousands of men and women whose lives will be severely impacted by this decision and we stand with them to fight for the future of our plant. We also recognize that while our national security and the future of our global economy depend upon finding alternatives to oil, we must, at the same time, help our domestic auto manufacturers remain competitive. We are working on some initiatives to help them do that, and hopefully these initiatives, if enacted, will possibly enable a new product to come online at the Newark Chrysler plant.

The Japanese now dominate the market for lithium ion batteries - the batteries we need to make the next generation of hybrid vehicles known as hybrid plug-ins. They have invested hundreds of millions of dollars in developing this technology and in supporting their domestic industry. And the Koreans and the Chinese are not far behind. American auto manufacturers are playing catch-up and we need to move quickly. That is why we propose investing at least \$100 million in each of the next five years for the research and development necessary to engineer and manufacture these batteries in the U.S.

In addition, we should expand the number of vehicles eligible for consumer tax credits to make it easier to get more fuel efficient vehicles on the road. First, we should lift the cap on the number of hybrid vehicles eligible for consumer tax credits. The present cap per manufacturer is 60,000, and it should be raised, but in so doing we need to be mindful that the current market is dominated mainly by foreign manufacturers.

We also must help our domestic auto manufacturers, some of whom are making great strides with diesel technology, by providing incentives to consumers who purchase today's clean-burning diesel cars. Today's diesels are cleaner than their predecessors, are in compliance with EPA emissions standards and are 30 percent more fuel efficient than an equivalent gasoline engine. Granted, this is just a first step, but we need those first steps to get this technology moving forward. In a year, or two years, or three years, it will be better, but we need to start somewhere. We should not exclude any technology, we don't have that luxury. We must move forward on all fronts.

We should also explore a national standard for biodiesel, a cleaner-burning fuel made from natural and renewable sources. This fuel can be blended with diesel fuel and Daimler Chrysler, for example, has announced that they will build a Jeep Grand Cherokee that will be factory filled with B5, a blend of diesel and 5% biodiesel. Chrysler is also building a Dodge Ram Heavy-Duty diesel that can be filled with B20. However, because of the current lack of a general use definition standard of what B20 is, the use is limited and vehicles cannot be factory filled. Again, this is another small step that will move this technology forward.

There is no question that Delaware's workforce is committed to productivity, quality and innovation. These are dedicated workers, they give it all they have every day, and we must take every opportunity to level the playing field. These are important first steps, and while there are no guarantees, one thing is certain - we are not giving up on keeping American auto manufacturers competitive and on the cutting edge of innovative technology that will help us meet our energy needs and our clean air challenges.

