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Suppliers seek U.S. aid to halt collapse of industry

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WASHINGTON -- With Chrysler LLC plants idled by bankruptcy and General Motors Corp.'s perhaps headed that way, lower tier auto-parts suppliers went to Capitol Hill Wednesday to argue for direct federal aid to forestall the collapse of small manufacturers.

A failure to do so could result in scores of small businesses being forced to close, affecting far more than just the auto companies as agriculture, aerospace and other industries find parts makers hit by Detroit's woes disappearing.

"We need operational, working capital to stay in business," Carl Reed, president and CEO of Abbott Workholding Products, based in Manhattan, Kan., told the House Small Business Committee on Wednesday morning.

While the Obama administration has set up \$5 billion in financing help for Chrysler and GM suppliers to help guarantee payment, it is limited to Tier 1 providers -- those dealing directly with the companies. But Wednesday's panel represented hundreds of smaller firms further down the supply chain, who are guaranteed nothing by the program.

And the impact of shutdowns, slowdowns and the Chrysler bankruptcy already is being felt: Chris Norch, president of metal caster Dennison Industries in Texas, and a member of the American Foundry Society, testified that thousands of workers in the business have lost their jobs to layoffs and closures in the last six months.

Grede Foundries, based in Milwaukee, Wis., with eight foundries supplying castings to the auto, appliance, agriculture and construction machinery industries, has laid off hundreds of workers in Michigan, Minnesota and Wisconsin in recent weeks.

When GM's plants go idle this summer, Norch said, it "can and will be disastrous."

Reed and the others were on Capitol Hill asking for low-interest Small Business Administration loans to provide working capital, or perhaps an insurance plan set up that, for a premium, would guarantee them the cash they are due from the companies they supply.

The committee's chairwoman, Rep. Nydia Velazquez, D-N.Y., said "efforts thus far have failed small businesses" related to the auto industry.

More than 100 new car dealers also were in Washington on Wednesday asking Congress to force a slowdown in what's expected to be a rapid reduction in GM and Chrysler dealer networks.

"It will result in another 200,000 Americans losing their jobs," said John McEleney, chairman of the National Automobile Dealers Association.

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