ends up selling it on the secondary market so, again, it has no further obligation. This system goes on and on and on. So I think the President is right about requiring everyone along the chain to have a financial interest in the ultimate health of the mortgage.

Since last spring, the Homeland Security and Governmental Affairs Committee, of which I am the ranking member and Senator LIEBERMAN is the chairman, has held a series of hearings on the roots of the present financial crisis. One problem consistently raised by the experts is the fact that asset-backed securities allowed lenders to sell their loans to investors and thereby avoid the risk that borrowers might default on these loans. That encouraged looser lending standards, and led to the boom and ultimately the bust in the housing market.

I understand the ability to sell those loans gives more liquidity and allows for additional mortgages to be made. But I think if you required the lenders to retain an interest in the loan, they are going to have more at stake when it comes to the financial security of the loan and, indeed, whether the loan should have been made in the first place.

Third, I am intrigued by the President's proposal to reform the role played by credit rating agencies. I am deeply concerned by the failure of these agencies to provide meaningful warning of the riskiness of investments backed by subprime loans, even after the market's downturn. I am very troubled by the way the system works now, where essentially there is an auction, there is ''ratings shopping,'' and there are conflicts of interest inherent in the system.

Fourth, I support the President's proposal to regulate and bring transparency to the derivatives market, including the over-the-counter market. This is a large, complex market where some companies are trying to enter into legitimate hedging contracts, but other financial institutions have been engaged in a tangled web of interlocking contracts that are extremely difficult to properly evaluate.

The lack of regulation and transparency in this area led to the near failure of AIG, which had engaged in hundreds of these contracts in the form of credit default swaps. As the financial crisis deepened, the American taxpayer was forced to bail out AIG with at least $70 billion due to the uncertainty of the impact of these credit default swaps on the economy as a whole. But AIG's experience should not be used as an excuse to alter the traditional authority of States to regulate insurance.

It was a noninsurance financial subsidiary of AIG that led to the debacle. AIG's insurance business remained pretty healthy. The problems were in the financial services unit, and I do not think it is a coincidence that unit was regulated by the Office of Thrift Supervision, primarily, which has been long recognized as the weak sister when it comes to bank regulators. That is why both my bill and the effect of the President's proposal is to do away with that regulator and to have a consolidated regulator.

Fifth, I need to learn more about the President's proposal to consolidate consumer protection for financial products into one agency. The current financial regulatory agencies—whether the bank regulators or the Securities and Exchange Commission or the CFTC—all have an important role to play in consumer protection, a role that has not always been played adequately in the last few years. Is the answer, however, to the problems we have seen simply to remove consumer protection from the bank regulators' responsibilities? I am not sure that is the right response. I think we need to look very closely at this issue.

Finally, I welcome the President's proposal to provide Federal regulators with resolution authority over holding companies and other nonbank financial institutions similar to the kind the FDIC has over banks. This lack of authority presented Federal regulators with a Hobson's choice with respect to nonbank financial institutions such as AIG: bail them out or allow them to fail, notwithstanding the damage to the economy as a whole.

Madam President, let me conclude my comments.

As a former Maine financial regulator, I am convinced that financial regulatory reform is absolutely essential to restoring confidence in our financial markets and to preventing a recurrence of a crisis such as the one we now face.

I applaud the administration for making this reform a priority.

America's Main Street small businesses, homeowners, employees, savers, and investors deserve the protection of an effective, new regulatory system that modernizes regulatory agencies, sets safety and soundness requirements for financial institutions to prevent excessive leverage, and improves oversight, accountability, and transparency. I look forward to working closely with the administration to achieve these goals.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

TRAVEL PROMOTION ACT OF 2009—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 1023, which the clerk will report.

The legislative clerk read as follows:

A motion to proceed to the bill (S. 1023) to establish a non-profit corporation to communicate United States entry policies and otherwise promote leisure, business, and scholarly travel to the United States.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Madam President, I ask unanimous consent to speak as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

PARIS AIR SHOW

Mrs. MURRAY. Madam President, I rise today to draw attention to an event that is going on across the Atlantic Ocean and how it impacts thousands of good-paying family-wage jobs right here in the United States.

As some of my colleagues know, the Paris Air Show kicked off this week. The air show showcases many impressive displays of aviation, technology, and innovation.

But there is something else that is going to be on display at this year's air show: the fruits of some 30-plus years of direct cash advances and illegal subsidies to the European aerospace company Airbus.

For more than three decades now, the European governments that created Airbus to specifically compete with the United States have aggressively funded, protected, and promoted their venture.

Since 1969, the European governments of France, Germany, Spain, and the UK have supported—the governments have supported—Airbus's commercial aircraft development with over $15 billion in launch aid. Those are high-risk loans at no- or low-interest, with repayment contingent on the commercial success of the aircraft.

According to the USTR, the amount of launch aid Airbus has received during the lifetime of that company—if it was repaid on commercial terms—is well over $100 billion.

Such massive, market-distorting subsidies to a private company are today allowing Airbus to offer incentives for airlines to buy their planes. Airbus is a mature company, with more than half of the market for large commercial aircraft. But Europe is still treating it as a company with kid gloves.

In fact, last week, Bloomberg News reported that Airbus is seeking approximately $5 billion in launch aid from the governments of France, Germany, Spain, and the UK to now fund the development of the Airbus A350. Reports indicate that the deal could be completed within the month.

If we want to keep a strong aerospace industry in America, we cannot let that happen. Every time European governments underwrite Airbus with subsidies, our American workers get pink slips.

If we want to lead the world in commercial aerospace, our message to Europe has to be strong and clear: No more illegal subsidies to prop up Airbus. And Airbus has to compete in the marketplace just like everybody else.

I am deeply troubled that Airbus is considering pursuing now additional illegal, trade-distorting subsidies that, in effect, have caused adverse effects on the American aerospace industry at

the same time the European Union is being sued in the World Trade Organization for those such practices.

That is why I am writing to Ambassador John Bruton urging the EU to show it is serious about pursuing fair trade practices with the United States by ending any discussion or movement forward on those subsidies.

The message sent by the U.S. Government is very clear.

On April 11, 2005, this Senate unanimously adopted Senate Concurrent Resolution 25. That resolution called for European governments to reject launch aid for the A350.

Launch aid for the A350 or any other form of preferential financing for Airbus is unacceptable. We will not tolerate another round of subsidies that kill our American jobs.

In addition to the trade-distorting subsidies now being talked about in Paris, there are other distortions showing up in the news accounts as well.

Several weeks ago, I had the opportunity here in the Senate to question Air Force Secretary Michael Donley at our Defense Appropriations Subcommittee. I told him about my concerns for the future of our domestic industrial base and how I believe the future capabilities of both our domestic workforce and our military must be taken into account as we work to reform our procurement process.

Secretary Donley agreed that the Pentagon has an interest in ensuring that our industrial base issues are taken into account.

That response now has some of Airbus's top executives upset and once again distorting the facts. In newspaper reports over the weekend, the chief executive of EADS—which is Airbus's parent company—Louis Gallois, claims that if Airbus is selected to build the next generation of military refueling tankers, they would create more jobs than competition for the U.S. aerospace industry.

That is pretty hard to swallow. In fact, a year ago, in June 2008, an independent, nonpartisan Economic Policy Institute study concluded that the now-overturned decision to award the tanker contract to Airbus would have actually cost the United States 14,000 jobs.

The truth is, Airbus does not even have a plant here in the United States and their well-documented plan is to build their tanker airplane in Europe and then ship sections over here to the United States to be assembled.

The Boeing tanker, however, would be built in Everett, WA, and military capabilities would be added at the company's defense plant in Wichita, KS.

Suppliers in States across America would be supported by that contract. A Boeing-made tanker is estimated to support and create twice as many American jobs as an Airbus plane.

But it is not just about jobs. This is about the future of America's domestic industrial strength. Our government depends on our highly skilled industries—our manufacturers, our engineers, our researchers—and our development and science base to keep the U.S. military stocked with the best and most advanced tools and equipment available.

So whether it is our scientists who are designing the next generation of military satellites or our engineers who are improving our radar systems or our machinists who are assembling our planes, these industries and their workers are one of America's greatest strategic assets.

We ought to ask the question: What if they were not available anymore? What if we here made budgetary and policy decisions without taking into account the future needs of our domestic workforce?

That is not impossible. It is not unthinkable. It is actually happening. And it is time to have a real dialog here about the ramifications of these decisions before we lose our capability to provide our military with the tools and equipment they need. Because once our plants shut down and our skilled workers move to other fields, and once all the infrastructure we have here is gone, it cannot be rebuilt overnight.

As a Senator from Washington State, I represent five military bases and many of our military contractors and suppliers, and, believe me, I am keenly aware of the important relationship between our military and the producers who keep them protected with their latest technological advances.

I have also seen the ramifications of the Pentagon's decisions on communities and workers and families. As many of my colleagues know, I have been sounding the alarm about a declining domestic aerospace industry for years. The American aerospace industry has taken hits from the economic climate, but it is also being undermined by unfair trade practices and these illegal subsidies of the type that are now being talked about this week in France.

This isn't just about one company or one State or one industry; this is about our Nation's economic stability, it is about our skill base, and it is about our future military capability. We have watched as our domestic base has shrunk, as competition has disappeared, and as our military has looked overseas for the products we have the capability to produce from scratch—not just assemble but produce from scratch—here at home.

Last month, I worked with some of our colleagues in the Senate to include a provision in the Defense Acquisitions Reform Act that has now been signed by the President. My provision draws the attention of the Pentagon leadership to consider the effects of their decisions on our industrial base and its ability to meet our future national security objectives. These decisions should not be made in a vacuum without regard to the long-term capabilities of our industrial base and the workers who are its backbone.

Last weekend, EADS head Louis Gallois said:

> We will see at the end of the day who is creating more jobs. We are starting from scratch in Alabama. We have to create an industrial base.

Well, America has a highly skilled aerospace industrial base. It has taken a very long time to build it. We have machinists today who have past experience and know-how down the ranks for over 50 years. We have engineers who know our mission and know the needs of our soldiers and sailors and airmen and marines and they have a reputation for delivering for our U.S. military.

I believe we need to move forward with a fair and transparent rebid of the tanker contract. The comments and the actions coming out of France this week have been anything but. But, again, this isn't just about one contract; this is about our Nation's economic stability, it is about our military capability, and it is about ensuring that our workers are a consideration in the decisions we are making on major defense contracts.

It took us a long time to build our industrial base, and it is built on the best America has to offer: Our innovative spirit, our dedication to this country and, most importantly, our Nation's workers. We have to work to preserve it, and we need to stand against unfair and illegal trade practices such as the ones that are being talked about at the Paris Air Show this week.

The Presiding Officer and I both know we are in the middle of a recession. We are engaged in wars abroad. These are two separate but not unrelated challenges. We have the ability in America to provide our military with the equipment they need to defend our Nation and project our might worldwide. But I fear, unless we stand for our industrial base today, we stand to lose the backbone of our military might, some of our best-paying American jobs, and our economic strength in the future.

Now is the time to take this stand and stand for our military and for our workers. It is critical to preserving America's future strength.

I thank the Chair. I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. HUTCHISON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTO MANUFACTURERS BANKRUPTCY

Mrs. HUTCHISON. Madam President, I rise today to speak about the update on the Chrysler and GM bankruptcy and their impact on the auto dealer community.

Almost 4 weeks ago, when we were considering the supplemental appropriations bill, I offered an amendment to provide at least 60 days for any dealer being terminated by an auto manufacturer receiving TARP funding to

wind down its operations and sell its inventory. My amendment was in response to the letter sent to 789 Chrysler dealers May 13, 2009, informing them they were being terminated on June 9—3 weeks later—with no assistance for auto inventory, parts, or special tools. I found that unacceptable. And you know, a number of the people who heard my amendment on the floor stepped up and said: I want to cosponsor that amendment. By the end of the day, we had 38 bipartisan cosponsors on the amendment to give these valued members of our communities at least 60 days to wind down their businesses. As a result of that amendment and thorough discussions with Chrysler president Jim Press and the Auto Task Force, Chrysler responded with a commitment to facilitate the transfer of inventory and parts for the terminated dealers.

As soon as we returned from Memorial Day recess, Chairman ROCKEFELLER and I called a Commerce Committee hearing specifically on the impact of the Chrysler and GM bankruptcy on the auto dealer community. This hearing provided the first outlet for dealers to express their opinions on how they were being treated in this process, and it gave Chrysler and GM CEOs the opportunity to explain their reasoning for the termination of literally thousands of dealerships across the country. We pressed the auto manufacturer executives to reconsider how they were treating these independent business men and women, and we sought progress reports on their commitments to me, our committee, and this body to provide a softer landing for terminated dealerships.

In response to the concerns we raised in that hearing, Chrysler did take another step forward on behalf of its terminated dealers by formally guaranteeing that every piece of inventory at these dealerships would be purchased at cost, minus inspection and transportation fees. So they made the promise after the Memorial Day recess that they would buy every car.

This reassuring news, of course, was welcome to the dealer body, but we still had concerns. I continued to push Chrysler for assurances regarding parts and equipment. The Commerce Committee sought additional answers on transparency, dealer reentry, rural access, and continuation agreements in both Chrysler and General Motors. On Monday, I received a letter that I thought was very positive from Chrysler, acknowledging the need for assurances on parts. They have now guaranteed 100 percent of the parts inventory for terminated dealers.

So we have a situation here where they did listen. They eventually said they would buy all of the cars that were still left in inventory, and now, of course, they are going to buy the parts. Of course, the dealers that were being terminated had no use for the parts which they had already purchased, and so I think that was a fair ending to that dilemma.

I also wish to point out another part of the answer to the Commerce Committee letter, which is on dealer terminations and market reentry. One of the things that came out in our hearing is that in some places all of the dealerships in the area were being closed, yet we had word that there were new people coming in seeking financing or a new dealership in the same place. That didn't quite ring right with us, and so we did ask for assurances that any dealer that was terminated would have some ability to come back in if another dealership was going to be put in that area. And here is what Mr. Press said in the letter of June 12, 2009:

> Chrysler Group LLC will commit to provide nonretained dealers with an opportunity for first consideration of new dealerships that the company may contemplate.

We sent the same request for information to the General Motors CEO, and his answer was:

> You have asked about situations where GM will authorize the establishment of a new dealership near the location where a current, profitable dealer has been asked to wind down operations. It is not our plan for current dealerships to be wound down only to open up new dealerships. Rather, our plan is to reduce overall dealer count. However, in those rare instances where we do open a new dealership, in an area previously served by a winding down dealer, we commit to provide advance notice to former dealers and allow them an advanced opportunity to apply to run the new dealership.

I think that is a step in the right direction, and I hope that will be followed through on in a legitimate and positive way because it would be the most cruel cut for a dealer that has been closed—a dealer that is profitable—to all of a sudden have a new dealer come in and open on the same ground or in the same area as the dealer that was closed at great loss.

Remember, we have a dealer now with a huge piece of real estate. These auto dealerships are big lots because they have all these cars on them. So they are big pieces of real estate, and they are big buildings that are generally suited just for the purpose of an automobile showroom, and they have been left or sort of stuck with this real estate and stuck with all of the other equipment and things you have to have to run a business. So I think it is untenable for us to just close that person down and then 3 months later suddenly have a new person come in without all of those expenses and have the opportunity to open a new dealership.

So I thought that was a very important part of the letter and commitment that is being made. But, of course, the commitment has to be followed through with—a responsible advance notice and a fair hearing for the dealer that has gone out of business to be able to come back in.

I commend Chrysler for heeding the calls of Members of Congress and the dealer community and responding in a way that does give additional support to the dealers.

General Motors, meanwhile, did sit down with the National Auto Dealers Association after our Commerce Committee hearing to work out concerns with the supplemental agreements continuing dealers were asked to sign. I commend GM for making concessions during those discussions, and I hope they will continue that positive dialog and interaction as the GM dealer network seeks additional information, support, and assistance.

I will continue to work with the auto manufacturers to provide our dealer communities with the support and assistance they need in this very challenging time.

I am worried about what is happening to many communities in my State and all over America because so often auto dealers are such a pillar of the community. They are very community oriented. They advertise, they support the Little League, they support the United Way, and they support the high school football programs. They are community citizens, and they are always the first one to step up when the community needs something.

It has been stated that closing these dealerships is necessary, even where it is the only dealership in town and even when it is profitable. But the dealer takes all of the risk. They buy the cars, they buy the parts, they buy the special equipment, they have the real estate costs. They take the risks, not the manufacturer.

I am not convinced that cutting down on the number of dealerships is the most productive thing for this economy today. We are trying to keep jobs. We are trying to keep communities going. We are trying to keep our economy steady and growing. Why we are closing down dealers and putting people out of jobs when they are profitable and contributing to the community is, frankly, lost on me. In fact, I asked Mr. Ron Bloom, who is a member of the Auto Task Force, at a Banking Committee hearing after the Commerce Committee hearing. I said: Why did the task force ask both GM and Chrysler to go back to the drawing board and eliminate more dealerships than their original plan?

He acknowledged they did this. Again, he gave us the argument that fewer dealerships will be better for sales of these cars and trucks.

I still, I am honest to admit, do not understand why he believes that; why Mr. Bloom or the Auto Task Force or GM or Chrysler believe when the dealers take the risk, and they are profitable, that it will increase sales to eliminate those dealerships. I certainly do not understand how the task force, which is part of the White House, would not see that this is going to hurt the economy in the long run—putting people out of jobs, thousands of people out of jobs. It is counterintuitive to me.

However, it is being done. All we are trying to do is help the people who are being shut down to have the first rights to new dealerships that would open, and to make sure they are treated as

fairly as possible. You cannot say it is fair because getting 3 weeks' notice to shut down an auto dealership is not fair. GM has given a longer time period, but although the GM company is saying: You will have until next year, 2010, to shut down your dealerships, yet the ones that have gotten the notice that they are going to be closed under GM are being told they cannot buy any new cars to sell. They can wind down the inventory they have, but they cannot stay in business until 2010 if they cannot get access to new automobiles and parts.

It does not seem as though that is going to work very well either. I am hoping GM is going to also be a little more responsible in trying to help those that are being closed, with some ability to wind down in a more constructive way.

As we continue these discussions between the dealer community and the auto manufacturers, I certainly hope we will be able to keep track of the progress. I would like to continue to get the progress reports, to see how these automobile companies are doing, and to get input from the dealers. It has been a very tough blow to them, especially those that did not see it coming because they were profitable, or like one of my constituents who had a profitable dealership in a location in Galveston County for years and years and years and then was told that he was going to be closed, even though he has dealerships in other parts of the Houston area, he was being closed in Galveston County and, of course, Galveston was struck by a terrible hurricane—Ike—last year and his business was down in the Galveston location. That is not surprising.

Many people have not been able to move back to Galveston County because their homes were destroyed and they have no ability to live in Galveston County anymore. At least until very recently there was no opportunity for my constituent to appeal to General Motors because they were going to lose all their rights, if they appealed, to any of the concessions that were being made to closing dealers. It is a very troubling situation.

I think we are making progress. I think GM and Chrysler are doing better with regard to the dealers, and I hope they will continue to understand these are important parts of communities all over America, these franchises that they have put out. They have been encouraged to buy inventory to try to help the companies not to go into bankruptcy, and then when they did go into bankruptcy they were sort of left high and dry. I think it is our responsibility—particularly in the case of GM and Chrysler, because they are getting taxpayer dollars—that they should have a little more concern about the overall economy because it is tax dollars that are propping them up.

I ask unanimous consent the letters that Senator ROCKEFELLER and I received from Mr. Henderson and Mr. Press, of GM and Chrysler respectively, be printed in the RECORD, and I yield the floor.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

GENERAL MOTORS CORPORATION,
Detroit, MI, June 12, 2009.

Hon. JOHN D. ROCKEFELLER, IV,
Chairman, Committee on Commerce, Science and Transportation, Hart Senate Office Building, Washington, DC.

Hon. KAY BAILEY HUTCHISON,
Ranking Member, Committee on Commerce, Science and Transportation, Russell Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN AND SENATOR HUTCHISON: Thank you for your letter regarding rationalizing of the General Motors dealer network. I appreciate the time that you have devoted to understand the issues facing GM and the efforts we are undertaking to restructure the company for future viability. I appreciate the thoughtful questions and comments concerning how we decided which dealers should remain with the new company and the impact of those decisions on the dealers and the communities in which they operate.

Dealers are critical to the future of GM. Strengthening our dealer network will make that future possible, and preserve over 200,000 jobs at GM's remaining dealers, along with hundreds of thousands of jobs with GM's direct manufacturing and supplier network. As I stated in my testimony, restructuring our dealer network is quite painful—for us, and especially for our dealers. Many of our dealers operate businesses that have been in their families for generations. Our actions affect them personally as well as financially. They also affect the communities and states where our dealers live and work.

That is why we are conducting our GM dealer restructuring thoughtfully and objectively and in consultation with our dealers. We decided not to outright terminate dealers, and instead developed a unique wind-down process that we believe is considerably more equitable.

The issues that you raise generally result from our bankruptcy. I have stated on many occasions that bankruptcy was not the preferred option for GM to restructuring itself for future viability. Many in and outside of Congress called for a GM bankruptcy, and urged the company to use a court administered bankruptcy process. As economic conditions worsened, and we face the equivalent of an economic depression in the auto market, bankruptcy became the only option for GM to restructure and survive.

WIND DOWN AND PARTICIPATION AGREEMENTS

During the hearing, many issues were raised about the agreements GM asked its dealers to sign, either to wind down operations or continue with the New GM. GM crafted these agreements to provide dealers with more options than they would otherwise have.

With respect to the wind down agreements, we carefully drafted them to provide the dealers financial assistance, flexibility and choice regarding the time they take to orderly wind down their business. We did not terminate any dealers, rather providing them with options to sell and service vehicles for up to 16 months. This approach is in stark contrast to what happens to most contracts in bankruptcy, where contracts are typically simply rejected with no assistance.

With regard to the participation agreements, we continue to respect and follow state franchise law and provide a new operating approach that will benefit both the dealer and GM. We respectfully disagree that the participation agreements are onerous or otherwise improper. At the hearing, the National Automobile Dealers Association witness and some Senators raised questions about the participation agreements. I committed to you that we would quickly meet with NADA to better understand their concerns. We are pleased to report that GM and NADA, as well as representatives of the GM National Dealer Council, reached an understanding of the key issues and as a result, on June 9, GM sent a letter to each dealer we had asked to sign a participation agreement which clarified the important issues, including that the dealers retained certain rights afforded by state law. I have attached for you a copy of the dealer letter as well as the GM and NADA press releases on these clarifications. I can assure you that GM respects the rights of dealers and consider them key and critical to the success of the New GM.

DEALER MARKET RE-ENTRY

You have also asked about situations where GM will authorize the establishment of a new dealership near the location where a current, profitable dealer has been asked to wind down operations. It is not our plan for current dealerships to be wound down only to open up new dealerships. Rather, our plan is to reduce overall dealer count. However, in those rare instances where we do open a new dealership, in an area previously served by a winding down dealer, we commit to provide advance notice to former dealers and allow them an advanced opportunity to apply to run the new dealership.

When rationalizing our dealer network we looked at several factors, including profitability. Over two thirds of the dealerships that received wind down agreements were not profitable. Profitability is only one measure of a dealer's suitability for a future dealership opportunity. Equally important are the dealer's prior sales performance, customer satisfaction performance, needed funding and ability to provide acceptable dealership facilities. While a profitable dealer may provide high levels of customer service, it is not always true, and unfortunately a profitable dealer may rank among our poor performers. Even after the dealer rationalization General Motors will continue to have the largest and most extensive dealer network in the U.S.

LITIGATION PENDING BEFORE BANKRUPTCY FILING

The treatment of lawsuits and other claims is an important issue. All claimants will have the opportunity to submit their claims and have them resolved as provided by the Bankruptcy Code and other applicable law, both as to amount and priority. We understand that the Bankruptcy Court routinely addresses these issues, taking into account the concerns of the claimants and the bankrupt company. An unfortunate consequence of bankruptcy is that many claims do not receive the priority that the plaintiff would prefer.

SERVICE IN RURAL AREAS

We also carefully considered our dealer network coverage in rural areas and small towns versus urban/suburban markets. We know that our strong presence in rural areas, small towns and "hub" towns gives us a strong competitive advantage on average of more than 10 points in market share, and we would like to maintain that advantage. When our rural and small town dealers perform to our standards, they are a huge asset, and so we intend to retain an extensive rural network of 1,500 dealers nationally. With this comprehensive network in place we are confident we can continue to provide all of our customers with reasonable access to dealers and service, obviating the need for "service

only'' outlets. However, we will conduct market analyses to ensure that there is sufficient representation of GM dealers so that we meet the needs of customers, especially in rural areas.

GM TECHNICIAN PLACEMENT

GM is proud of the dealer technicians who service GM vehicles. Many of these technicians are highly trained and possess multiple technical certifications. Factory trained individuals with these skills and credentials are highly sought after in the industry. GM shares your concern that these technicians may lose their current positions. In response to your letter, we commit to taking actions, such as by making training records and certifications available, with technician consent, to employment services and resume sites. In addition, we have already begun a review with our National Dealer Council to develop ideas on how GM can help the dealers' technicians transition to other dealers.

General Motors appreciates the support of Congress and President Obama and takes very seriously our responsibility to create a healthy GM for generations to come. Thank you for the opportunity to respond to your concerns.

Sincerely,

FREDERICK A. HENDERSON,
President and Chief Executive Officer.

CHRYSLER LLC,
Auburn Mills, MI, June 12, 2009.

Hon. JOHN D. ROCKEFELLER IV,
U.S. Senate,
Washington, DC.

Hon. KAY BAILEY HUTCHISON,
U.S. Senate,
Washington, DC.

DEAR CHAIRMAN ROCKEFELLER AND RANKING MEMBER HUTCHISON: Thank you for the opportunity to respond to the concerns raised in your June 9 letter. As I highlighted last week at the Senate Commerce Committee hearing, it is critically important that the new Chrysler Group have a viable, realigned dealer network on day one. Despite a painful restructuring, Chrysler Group LLC will retain 86% of Chrysler dealers by volume and 75% by location. I can empathize with the dealers who were not brought forward into the new company, and can understand their disappointment. This has been the most difficult business action I have personally ever had to take.

The concerns you have raised are addressed in order below:

VEHICLE INVENTORY, PARTS AND SPECIAL TOOLS

Regarding the concerns you have outlined relative to inventories, parts and special tools, Chrysler has made a commitment to its discontinued dealers that 100% of the inventory on their lots will be purchased at cost minus a $350 inspection, cleaning and transport fee. Through a letter dated June 5, 2009 Chrysler informed all discontinued dealers that we will guarantee the re-distribution of 100% of eligible vehicle inventory. We have successfully found buyers for 100% of the outstanding vehicle inventory, and dealers requesting our assistance have received commitments for 80% of their parts inventory.

We will continue to work with the discontinued dealers to redistribute their parts inventory for the next 90 days. After that time we will commit to repurchase remaining qualified parts inventory from those dealers at the average transaction price for all parts already redistributed. We will also continue to work to redistribute all remaining special tools.

DEALER TERMINATIONS AND MARKET RE-ENTRY

While some profitable dealers were not retained by Chrysler, it is important to note that profitability alone is not an adequate measure and is one of several elements that determine a dealer's viability and value to Chrysler. The factors we considered in making these decisions included:

Total sales potential for each individual market

Each dealer's record of meeting minimum sales responsibility

A scorecard that each dealer receives monthly, and includes metrics for sales, market share, new vehicle shipments, sales satisfaction index, service satisfaction index, warranty repair expense, and other comparative measures

Facility that meets corporate standards

Location in regard to optimum retail growth area

Exclusive representation within larger markets (Dualed with competitive franchise)

Opportunity to complete consolidation of the three brands (Project Genesis)

Dealers may be profitable while not meeting their Chrysler new vehicle ''minimum sales responsibility'' level. For example, a dealer may focus on maintaining a low cost structure through a lack of modernization, a heavy emphasis on used vehicles, lack of investment in training and capacity. Therefore, a dealer could be profitable while not meeting their new vehicle sales and customer satisfaction obligations.

Also, we understand and value the loyalty and experience represented in many of the discontinued dealers. As we consider market re-entry or expansion in the future.

Chrysler Group LLC will commit to provide non-retained dealers with an opportunity for first consideration of new dealerships that the company may contemplate.

PROVIDING TRANSPARENCY IN THE DECISION-MAKING PROCESS

To achieve the necessary realignment, we used a thoughtful, rigorous and objective process designed to have the least negative impact while still creating a new dealer footprint scaled to be viable and profitable for the long-term. Factors in the decision-making are outlined in the second question above.

Upon request, we will share with any dealer the rationale and specific data used in making the decision on the dealer separation.

CONSUMER PROTECTION

Bankruptcy is a very difficult process requiring hard choices and painful decisions. The bankruptcy process has impacted all existing stakeholders. With a failed enterprise, there are many who suffer significant losses. Traditionally in a bankruptcy, liabilities such as product liability claims are not carried forward into the new enterprise. The judge found this decision to be within the debtor's sound business judgment, and it is a customary bankruptcy outcome. Any product-related claims arising from vehicles sold by the New Chrysler will be addressed by the new company. This is consistent with the goal of a Chapter 11 bankruptcy, which is to create a framework enabling a vibrant, sustainable new company to emerge.

CONSUMER ACCESS TO SERVICE IN RURAL AREAS

There will be over 2,300 remaining Chrysler, Jeep and Dodge dealerships conveniently located with the parts and trained technicians to service consumers' vehicles. Based on registration data, our customers reside an average of 6.28 miles from the nearest Chrysler, Jeep or Dodge dealer now; this distance will increase to 6.80 miles after the consolidation. With regard to rural dealers, the distance increases from 9.72 to 10.70 miles. Even with the consolidation, our dealers on average are more conveniently located to customers than Toyota or Honda dealers are to their customers.

Additionally, we will consider companion facilities to address potential sales and service issues in areas of concern. Chrysler will send a letter to all customers notifying them of the four nearest dealers who can provide service. It is not in Chrysler's interest to abandon existing customers to the detriment of future parts and new vehicle sales.

CUSTOMER CONVENIENCE COMPARISON

[Average distance in miles a customer must drive to reach a dealership]

	Old Chrysler	New Chrysler	Change chrysler	Toyota	Honda	Chevy	Ford
Metro	4.45	4.82	0.37	5.01	5.11	4.10	4.23
Secondary	6.08	6.44	0.36	7.38	7.58	5.69	5.76
Rural	9.72	10.70	0.98	19.27	24.27	8.04	8.69
Total	6.28	6.80	0.52	9.11	10.31	5.58	5.81

PLACEMENT ASSISTANCE FOR CHRYSLER TECHNICIANS

Chrysler is sensitive to the job loss associated with the non-retained dealers. In an effort to assist employees, a job posting website is currently being developed in partnership with Careerbuilder.com. This website will list jobs that are available at Chrysler dealerships nationwide to the extent such information is provided to us. Additionally, there will be a resource section to provide ''how to'' tips on items like resume building and job interview techniques.

Again, I appreciate your concerns and want to assure you that we are doing everything we can to support the dealers that are not going forward and to ensure that the new company going forward is successful.

Sincerely,

JAMES E. PRESS,
Vice Chairman & President.

UNANIMOUS-CONSENT REQUEST—EXECUTIVE CALENDAR

Mr. BINGAMAN. Mr. President, twice in the last 2 weeks I have asked a unanimous consent to proceed to consider Calendar No. 97. I would like to do that again at this time. We have advised the Republican side of the aisle I will be doing that, so I will proceed with that at this point.