Congress of the United States

Washington, DC 20510

Dear Secretary Mnuchin,

Motor vehicle parts manufacturers are the linchpin of U.S. vehicle manufacturing. No sector has more complex supply chains or provides more direct manufacturing jobs than motor vehicle parts manufacturing. This industry employs over 871,000 people across the United States with over 125,000 jobs in Michigan alone. We write to you today to open a dialogue on providing critical financial assistance to this industry during this time of national crisis. We believe that this can be accomplished under existing CARES Act authority.

Although we write to you as the Michigan delegation, the impact of supplier employment and the need for liquidity will be felt across the country. While there are many large suppliers with operations in the U.S., two-thirds of this industry's employment is generated by small and mid-sized manufacturers. These entities are often U.S.-based with limited financial resources to meet the growing needs of this crisis. Without these suppliers, communities and states throughout the country will lose major employers, which are contributors to the long-term employment and economic well-being of the entire nation.

Parts suppliers usually receive payment from auto manufacturers 45 days after the delivery of goods. As you know, vehicle production has been at a stand-still since late March. With vehicle manufacturers scheduled to ramp up production as soon as May 18th, most suppliers will have had no receivables for at least 6 weeks and thus no access to working capital for start-up costs. Since component and parts manufacturers provide two-thirds of the value of every vehicle, auto manufacturing needs a healthy and functioning supply base in order to efficiently restart automotive manufacturing.

Although current programs under CARES have provided critical assistance for the retention of employees, additional funds must be targeted to the purchase of raw materials and other critical costs. The creation of a special purpose vehicle for suppliers would allow the government to stretch currently appropriated funding further—either through the factoring of receivables or a broader loan program. We believe that more flexible terms could be coupled with loans of shorter duration to focus on immediate liquidity needs rather than longer-term investment.

Ultimately, our shared economic future depends on the industry's collective ability to ramp up vehicle and parts production. We look forward to discussing this critical issue with you and your team.

Sincerely,

U.S. Senator Debbie Stabenow
Member of Congress Fred Upton
Member of Congress Bill Huizenga
Member of Congress Debbie Dingell
Member of Congress John Moolenaar
Member of Congress Rashida Tlaib
Member of Congress Haley Stevens

U.S. Senator Gary C. Peters
Member of Congress Daniel T. Kildee
Member of Congress Tim Walberg
Member of Congress Brenda Lawrence
Member of Congress Paul Mitchell
Member of Congress Elissa Slotkin
Member of Congress Andy Levin