Obama says auto industry 'must not vanish'

by UPI

WASHINGTON -- U.S. President Barack Obama said Monday the government would not allow the industry to "simply vanish."

"We cannot, we must not, and we will not let our auto industry simply vanish," Obama said in remarks explaining the government's tentative response to General Motors Corp. and Chrysler LLC's request for additional loans.

The U.S. government gave General Motors Corp. and Chrysler LLC 60 days and 30 days, respectively, to make drastic changes or face bankruptcy.

The government said it would supply working capital to the companies, but not beyond the deadlines imposed, the Financial Times reported Monday.

"What we are asking is difficult. It will require hard choices by companies," Obama said, explaining "unions and workers who have already made painful concessions" would have to make "even more."

GM was directed to reach further benchmarks in reducing debt and obtain concessions from union workers, as the government's automotive task force said the company did not prove it was financially viable.

Obama said Sunday it would "mean a set of sacrifices from all parties involved."

"Everybody is going to have to come to the table and say it's important for us to take serious restructuring steps now in order to preserve a brighter future down the road," he said, adding, "they're not there yet."

Chrysler's financial plan also fell short. The government tied an additional $6 billion loan to a deal Chrysler is seeking with Italian carmaker Fiat.

The deal would give Fiat 35 percent of Chrysler, which would build Fiats in the United States.

GM was directed to continue seeking new leadership. Chairman and Chief Executive Officer Rick Wagoner resigned.

The Detroit News reported Fritz Henderson, who ran GM's European and Chinese operations and who had been overseeing the company's restructuring on a day-to-day basis, would take over as CEO. Kent Kresa, chairman emeritus of Northrop Grumman, will serve as chairman.

"From the government's perspective, they had to show a visible form of sacrifice," David Cole, chairman of the Center for Automotive Research in Ann Arbor, Mich., told the News

In a statement, Wagoner said: "Fritz Henderson is an excellent choice to be the next CEO of GM. Having worked closely with Fritz for many years, I know that he is the ideal person to lead the company through the completion of our restructuring efforts."

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