

Environment America *Friends of the Earth * Sierra Club * Natural Resources Defense Council * Public Citizen * Safe Climate Campaign * Union of Concerned Scientists

September 16, 2008

Dear Senator:

Congress is now considering whether taxpayers should provide billions of dollars in loans and loan guarantees to the automobile industry. On behalf of our millions of members and supporters, we urge you to ensure that any such assistance brings the American people the cars and trucks we need to cope with high gas prices and cut our dependence on foreign oil.

All of us have a stake in the health of the American automobile industry. The future of the industry lies in moving rapidly to producing advanced, high-mileage vehicles that meet and surpass the minimum fuel economy standards established in the Energy Independence and Security Act of 2007 (EISA).

So we were disappointed last week to hear General Motors Chairman Rick Wagoner asking for huge amounts of taxpayer money – up to \$25 to \$50 billion in federal loan guarantees – without offering any increase in fleet-wide fuel economy. He even asked Congress to *weaken* the requirements in section 136 of EISA for the vehicle specific fuel savings that loan recipients must achieve from a 25 percent improvement to as little as 10 percent. As it stands, the loan guarantee provision does not ensure an automaker's fleet of vehicles will improve; it allows a manufacturer to offset the fuel economy gains from vehicles taxpayer dollars help improve with vehicles that have poor fuel economy.

Taxpayers are being asked to make a very big investment. As of last week, the direct taxpayer cost of loan guarantees of \$25 to \$50 billion was estimated at \$3.75 to \$7.5 billion. Over the weekend, however, the Congressional Budget Office suggested that these loan guarantees would cost twice as much (<http://cboblog.cbo.gov/>).

If taxpayers are being asked for help on this scale, the automakers should be willing to promise two things in return. First, they should be required to use those funds to build the safe, high mileage, advanced vehicle technologies (hybrids, plug-in hybrids, clean diesels, and advanced batteries) they need to compete in the future. Second, they should give American consumers savings at the pump and reductions in our oil dependence

through real fleet-wide fuel economy improvements above and beyond the minimum standards in EISA.

Taxpayers need and deserve these real benefits in return for their investment.
Sincerely,

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