



OFFICE OF CONGRESSMAN RON KLEIN
FLORIDA'S 22ND CONGRESSIONAL DISTRICT
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December 19,

Klein, Colleagues Urge Paulson to Require Automakers to Form Hybrid, Electric Car Institute

Washington, D.C. – Today, Congressmen Ron Klein (FL-22) led a group of key leaders of the New Democrat Coalition in a letter urging Secretary of the Treasury Henry Paulson to require American automakers to transfer their existing research and development programs to a newly formed, independent Hybrid and Electric Car Institute as a condition of the federal loans they are receiving.

Congressman Klein, the co-chair of the New Democrat Coalition's Energy Task Force, originally secured a commitment from the Big Three automakers to collaborate across company lines on the essential, cutting-edge research and development at a hearing of the House Financial Services Committee hearing earlier this month.

The New Democrat Coalition is a group of moderate members of the U.S. House of Representatives who maintain a focus on business development and economic growth. The text of today's letter follows.

December 19, 2008

The Honorable Henry M. Paulson
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW, Room 3134
Washington, DC 20220

Dear Secretary Paulson,

As you consider using funds from the Troubled Assets Relief Program (TARP) to aid American automakers, we, as members of the New Democrat Coalition strongly urge you to require American automakers to transfer their existing research and development programs to a newly formed, independent Hybrid and Electric Car Institute.

The mission of the institute would be to leapfrog the technology of today and focus on speedily deploying the technology of the future. Each company could then customize the technology to best fit their product line. The institute could also make policy recommendations about how to deploy the new technologies. This would accelerate development, improve technology and serve as an important step in helping to re-establish American automakers as strong competitors in the global market. At a recent hearing of the House Financial Services Committee, the CEOs of General Motors, Ford and Chrysler committed to the concept of such an institute.

The Hybrid and Electric Car Institute would receive federal funding from the Advanced Technology Vehicles Manufacturing Incentive Program. We recommend that the first \$1 billion allocated to the auto industry from this program be appropriated specifically to the Hybrid and Electric Car Institute. Under this model, the federal government would not have to grant federal funding to all three American automakers; rather, the government would give to one institution representing all three. This would save the federal government money and create great efficiencies.

In many areas of the automotive industry, our domestic companies have lacked leadership and foresight. General Motors, for example, recently announced plans to buy lithium-ion batteries for 100,000 hybrids from Japan's Hitachi Ltd. Ford currently purchases batteries for their hybrids from Japan's Sanyo Electric Co. And European automotive giants have developed more fuel efficient products to deal with the higher cost of gasoline. More fuel efficient and alternative energy vehicles and a restructuring of the American automotive industry are necessary to regain America's competitive edge. Hybrid and/or electric vehicles may be the future of the auto industry, but without American innovation, American car companies will have to rely on foreign technology in order to survive.

Americans understand the importance of having a sustainable automotive industry in the United States, but they will not support throwing tax payer funds at a problem of this scale without a clear and well thought out plan to get American automakers back on their feet. By investing in an efficient program to produce cutting edge automotive technology for American car makers, we can be sure that we are making a smart investment in the American automotive industry of tomorrow.

The best and most innovative scientists, engineers and business entrepreneurs in the world are right here in the United States of America. Putting all of their heads together under one roof is a common sense solution which will take advantage of economies of scale and lead to a quantum leap forward in technology and product development.

We thank you in advance for your consideration of our request and look forward to working with you to further on this matter.

Sincerely,

Ron Klein (FL-22), Co-Chair, New Democrat Coalition Energy Task Force
Jay Inslee (WA-01), Co-Chair, New Democrat Coalition Energy Task Force

Steve Israel (NY-02), Co-Chair, New Democrat Coalition Energy Task Force
Ellen Tauscher (CA-10), Chair, New Democrat Coalition
Ron Kind (WI-03), Vice-Chair, New Democrat Coalition
Melissa Bean (IL-08), Vice-Chair, New Democrat Coalition
Allyson Schwartz (PA-13), Vice-Chair, New Democrat Coalition
Joe Crowley (NY-07), Member, New Democrat Coalition
Adam Smith (WA-09), Member, New Democrat Coalition
Dennis Moore (KS-03), Member, New Democrat Coalition
Eliot Engel (NY-17), Member, New Democrat Coalition
Jason Altmire (PA-04), Member, New Democrat Coalition