

CHRYSLER

**Michigan Senate
Economic Development Committee**

SB 410 and SB 411

Testimony

October 5, 2011

Mr. William Cook

Head of Worldwide Logistics and Customs

Supply Chain Management

Chrysler Group LLC

Chairman Kowall and Members of the Economic Development Committee, thank you for the opportunity to speak to you today. My name is William Cook. I'm the Head of Worldwide Logistics and Customs for Chrysler Group. I'm here today to express Chrysler's support for the public/private partnerships bills SB 410 and 411. I'm also here to express our support for the New International Trade Crossing or NITC.

I would quickly like to share some key facts about Chrysler Group's presence here in Michigan.

In Michigan, we have...

- More employees than any other state: 25,187
- More annual wages than any other state: over \$2.1 billion
- More retirees and surviving spouses than any other state: over 50,000
- More annual pensions than any other state: nearly \$1 billion
- More suppliers than any other state: 2,985
- Major facilities:
 - Headquarters and Technology Center in Auburn Hills
 - Three assembly plants in Detroit, Warren, Sterling Heights
 - Two stamping plants in Warren and Sterling Heights
 - Five engine plants in Detroit, Trenton and Dundee
 - An axle plant in Marysville
 - Proving grounds in Chelsea
 - Parts distribution operations in Warren, Center Line and Marysville
- 118 Chrysler, Dodge, Jeep, Ram and Fiat dealers
- Invested more than \$3 billion in our Michigan facilities since 2003

Chrysler also has a significant presence in Canada including

- 9,500 employees;
- Two assembly plants, a casting plant, a parts plant and a research and development center in Ontario;
- 825 suppliers; and
- 440 dealers.

The men and women at Chrysler are working hard every day to turn the company around. On May 24, we paid off the government loans more than six years early and since June of 2009, Chrysler has invested more than \$3 billion in our U.S. facilities including:

- An \$850 million investment in our Sterling Heights Assembly Plant and surrounding stamping facilities to produce a new generation of vehicles in 2013. This plant added nearly 900 jobs on a second shift due to the expanded production of the current Chrysler 200 and Dodge Avenger;
- In December 2009, the company announced a \$179 million investment in our GEMA engine plant in Dundee, Michigan to launch production of an advanced technology, fuel-

efficient 1.4-liter engine for the Fiat 500. This project created more than 150 new jobs. In October 2010, the company announced an additional \$150 million investment to expand engine production at GEMA;

- In Detroit at our Jefferson North Assembly Plant, we added a second shift – creating nearly 1,100 jobs – to produce the all-new 2011 Jeep Grand Cherokee and Dodge Durango
- In Trenton, we announced a \$114 million investment to repurpose about one-fifth or nearly 400,000-square feet of the Trenton North Engine Plant for the production of core components for the Pentastar engine produced at Trenton South;

While we have much to celebrate, there is still work to do.

On January 31, Chrysler Group CEO Sergio Marchionne sent a letter to Governor Rick Snyder outlining Chrysler's support for the proposed NITC. I thought I would share portions of his letter with you today:

On behalf of the 42,000 Chrysler Group employees in Canada and the United States, I am writing to express our complete support for your proposed new international trade crossing at the Detroit-Windsor border. This new bridge is vital to the economic well-being of Michigan, and the future of our company and many other Michigan businesses.

The Detroit-Windsor corridor is arguably the most important international crossing for trade in the world and is in desperate need of an upgrade. The new crossing will provide secure world-class trade and transportation infrastructure for the busiest trade corridor in the United States. The crossing would directly link Ontario and Michigan's highway systems, allowing for effective, safe, and timely deliveries our company transports to and from Canada each year.

The Chrysler Group moves over 1,300 shipments; 2,000 cars and trucks; and makes over 1,600 customs entries per day. We also have hundreds of employees who cross the border to work in the U.S. or Canada. Most importantly, Chrysler's manufacturing process is integrated throughout all of our North American plants. For example, Michigan-made engines from Trenton, stampings from Warren and Sterling Heights, and axles from Detroit cross the border daily for use at our Windsor and Brampton Assembly Plants. Our Canadian-made vehicles and components also cross the border daily destined for U.S. dealerships or assembly plants. Ensuring smooth crossing for both commerce and people is essential as delays at the border add cost to each of our vehicles.

The time for this project has come and the importance of this project cannot be ignored any longer. I applaud you for your leadership on this project and urge the members of the legislature to support this new international crossing that will result in new jobs and infrastructure to meet our trade and transportation needs well into the future.

Mr. Marchionne's comments illustrate the importance of the NITC to Chrysler. **Every day, the combined U.S. and Canadian auto industry sends thousands of cross-border truck shipments and well over \$100 million of goods across the Detroit-Windsor border.**

These trucks carry vehicles and production parts that are destined for automotive assembly plants in Michigan and Ontario as well as other U.S. states.

The integration of our industry makes the movement of trade between the U.S. and Canada important and dependent on each other. The North American automobile industry and the hundreds of thousands of employees in vehicle assembly and parts production depend on the smooth flow of just-in-time deliveries across this critical border gateway.

In light of the importance of efficient and effective infrastructure to the success of the automotive industry, Chrysler strongly supports the partnership between the governments of Michigan and Ontario, as well as the United States and Canada, as they work toward securing a new gateway at Detroit/Windsor.

The automotive industry continues to support the proposed New International Trade Crossing. This proposed new crossing would add redundancy and unimpeded access from Ontario's highways to Michigan's interstates. Redundancy is particularly important when acts of God or other events close a border crossing or highways that impede trade – as was the case with September 11th and the December 2010 snow storm that closed the Blue Water Bridge to commercial traffic. These events halted production and cost automakers and suppliers millions. Additionally, there are daily and weekly occurrences that cause delays at the border.

I would like to end my testimony today with a quote from Maureen McAvey – Executive Vice President of the Urban Land Institute in Washington, DC. In a recent Wall Street Journal article coinciding with the release of the Institute's 2011 Infrastructure Report she said, "We are going to absolutely see winners and losers. States and cities that invest in infrastructure will move ahead, while those that are unwilling or unable to will fall behind. A reliable and functioning infrastructure is critical to economic competitiveness."

In the coming months, the Michigan Legislature will consider bills to authorize construction of the NITC Bridge. I encourage the Legislature to pass. The need for an additional crossing to handle current and future trade flows is widely acknowledged and it is imperative that this new crossing be completed as soon as possible. It's important to our collective future.

Thank you again for the opportunity to speak today and I encourage you to support the NITC by passing Senate bills 410 and 411.



Sergio Marchionne

January 31, 2011

The Honorable Rick Snyder
Governor
State of Michigan
111 South Capitol Avenue
Lansing, MI 48909

Dear Governor Snyder,

On behalf of the 42,000 Chrysler Group employees in Canada and the United States, I am writing to express our strong support for the proposed new international trade crossing at the Detroit-Windsor border. This new bridge is vital to the economic well-being of Michigan, and the future of our company and many other Michigan businesses.

The Detroit-Windsor corridor is arguably the most important international crossing for trade in the world and is in desperate need of an upgrade. The new crossing will provide secure world-class trade and transportation infrastructure for the busiest trade corridor in the United States. The crossing would directly link Ontario and Michigan's highway systems, allowing for effective, safe, and timely deliveries our company transports to and from Canada each year.

The Chrysler Group moves over 1,300 shipments; 2,000 cars and trucks; and makes over 1,600 customs entries per day. We also have hundreds of employees who cross the border to work in the U.S. or Canada. Most importantly, Chrysler's manufacturing process is integrated throughout all of our North American plants. For example, Michigan-made engines from Trenton, stampings from Warren and Sterling Heights, and axles from Detroit cross the border daily for use at our Windsor and Brampton Assembly Plants. Our Canadian-made vehicles and components also cross the border daily destined for U.S. dealerships or assembly plants. Ensuring smooth crossing for both commerce and people is essential as delays at the border add cost to each of our vehicles.

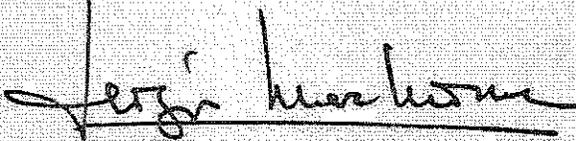
The bi-national supported bridge will improve trade and commerce between the U.S. and Canada as well as stimulate economic growth in our region by bringing a \$1.3 billion investment to Michigan with no cost to taxpayers. Additionally, the Federal Highway Administration has approved the application of Canada's \$550 million investment to match federal highway dollars for road construction projects across Michigan.

The Honorable Rick Snyder
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The time for this project has come and the importance of this project cannot be ignored any longer. I applaud your leadership on this project and urge the members of the legislature to support this new international crossing that will result in new jobs and infrastructure to meet our trade and transportation needs well into the future.

We look forward to working with you and the Michigan legislature to build the bridge to Michigan's future.

Sincerely,

A handwritten signature in black ink, appearing to read "Sergio Marchionne", written over a horizontal line.

Sergio Marchionne

cc: Members of the Michigan State Senate and House of Representatives