
Recession reports - Oversight in US automotive bailout

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It is reported that suppliers have been hurt by the dramatic downturn in auto sales and some analysts are now concerned the supply chain is about to collapse.

About 20 suppliers have filed for bankruptcy this year. Lear Corporation, a supplier of seats filed for bankruptcy, and others including Visteon Corporation, Ford Motor Co's largest supplier, and Metaldyne Corporation, a leading global designer and supplier of metal formed components and assemblies for engine, transmission, and chassis applications.

Auto parts supplier American Axle & Manufacturing Holdings Inc is seeking a court order to get one of its steel suppliers to resume deliveries, saying that cutting off supplies threatens the entire auto supply chain. But these are mainly the tier 2 and 3 suppliers. Suppliers of springs, wire forms, cables etc are understandably hesitant to ship products they do not know when or even if they are ever going to be paid for.

Detroit based American Axle has asked an Oakland County Circuit Court judge to order Republic Engineered Products to resume steel shipments. Republic stopped shipments of its custom steel products to American Axle last month, seeking volume commitments and pointing to American Axle's weak financial condition.

Next week, GM will ask US Judge Mr Robert Gerber to enter an order approving the Master Disposition Agreement that will enable GM to purchase key Delphi assets. The agreement is the cornerstone of the deal with Parnassus Holdings II LLC, a subsidiary of Platinum Equity Capital Partners II LP, which will bring Delphi a step closer to emergence from Chapter 11 protection and give GM the supply guarantees it is willing to pay USD 3.9 billion to secure.

(Sourced from www.wireworld.com)

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