



# News capsule

## Nebraska Autobody Association - Automotive & Business News

The National Auto Dealers Association applauded the Bush administration's approval of a \$17.4 billion bridge loan for cash-starved General Motors and Chrysler. The loan guarantee package was approved after extensive debate in both the House and Senate. But sluggish auto sales, nervous consumers and a weak 2009 sales forecast continue to pose significant challenges for car dealers and automakers. "We need to distinguish the long-term structural problems that the U.S. auto industry has from the immediate crisis," said Laura Tyson, a former White House economic adviser. "Car demand is way, way down. It's down to 11 million from maybe a long-term trend in the U.S. of more like 14 or 15 (million)," she said. "The (automakers') consumers have been strangled, their suppliers have been strangled, and they have been strangled." U.S. carmakers are expected to undergo significant restructuring to create more competitive business models and that could mean a leaner workforce, fewer dealers and fewer brands. The bridge loan to automakers is welcome news for Nebraska's tax base, a significant percentage of which is supported by automotive transactions.

Continued expansion of the wind industry into Nebraska would bring new employment and economic development, according to report by the National Renewable Energy Laboratory (NREL). The construction of wind energy in Nebraska by 2030 will support 20,600 to 36,500 construction-period jobs and 2,200 to 4,000 operations-period jobs. On average, Nebraska's economy is estimated to see a boost in economic activity ranging from \$140 million to \$260 million annually between 2011 and 2030. An additional annual economic contribution of \$250 million to \$442 million is estimated from operating 7,800 MW of wind capacity. Annual land-lease payments to Nebraska landowners during operations are estimated to range from \$27 million to \$32 million, and annual property tax payments by wind farms are expected to be on the order of \$29 million.

Despite the global economic downturn, a majority of collision shops nationwide expect to boost revenues in 2009, according to an ABRN survey. Of the shops surveyed forty-four expect profits to rise 6 to 10 percent, while twenty-seven percent expect 11 to 20 percent increases. Shops expect profits to stem from a larger customer base, team building and realizing operational efficiencies that address changing market realities such as cash-starved consumers using insurance settlements for household necessities instead of repairing drivable vehicles.

Troubles for automakers are not restricted to Detroit's Big 3 as the economic slowdown spreads through U.S. economy. Toyota recently postponed manufacture of the Prius hybrid at a new assembly plant in Mississippi, and Honda will reduce the numbers of the popular Civic at its Indiana plant. Nissan has taken steps to cut its workforce in Tennessee. Foreign automakers in the U.S. are estimated to manufacture 330,000 fewer vehicles in 2009. In the United States, Toyota's light vehicle sales are down 13.4 percent this year, according to Autodata Corp. That's slightly better than the overall market's 16.3 percent decline and the automaker is expected to post its first loss in more than sixty years.

Good news for consumers continues to be reflected in the price of oil, which slipped 6 percent Monday to just under \$40 a barrel as worldwide energy demands continued to decline. OPEC is considering an emergency meeting in January to discuss further production cuts until prices stabilize.

The FBI is now allocating resources from its war on terror to investigate white-collar crime that should have been identified and stopped by regulators exercising reasonable due diligence in the performance of their duties after investors lost an estimated \$50 billion to a massive Ponzi scheme. The aftermath of the current economic calamity will take a severe toll on countless businesses; scores of honest, dedicated, hard-working men and women, and families whose savings and security have been undermined by regulatory inadequacies.

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<http://www.nebraskaautobody.com/filedownloads/memberap1&2.pdf>

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