



# SPN NEWS

JAPAN AUTOMOBILE RECYCLE NETWORK NEWS  
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## Asian Automotive Environmental Forum

### AAEF Australia to take place in Nov.

The 5th Asian Automotive Environmental Forum will be held from November 20 at a hotel on the Gold Coast of Australia. The conference theme of the 3-day international event is "Working together – cooperative strategies for achieving effective environmental management of end-of-life-vehicles."

The previous AAEF was held in Malaysia and succeeded to help Malaysian recyclers association to win the government. Malaysia, which had been seeking for a ban on the import of used auto parts, finally took back the proposed ban. At the same time, through the sessions of the 4th AAEF, the importance of automotive recycling and the related environmental issues have been deeply recognized among attendees as a common challenge of the Asian region.

This year the AAEF will extend its coverage and possible partnerships from Asia to Oceania, South Pacific and North America. In the 3-day period, a factory tour to recycling facilities is also arranged. Applications will be acceptable by the end of September. <Daily Automotive News September 6 issue>

#### Interview with Tohoku University Asso Prof YU Jeongsoo

The 5th Asian Automotive Environmental Forum is scheduled to be held in Australia's Gold Coast. Daily Automotive News (Shinichi Aoyama) interviewed Tohoku University associate professor YU Jeongsoo, the head of the AAEF Japan Office.

DAN: I have heard the holding of 5th AAEF Australia was suddenly decided.

YU: Yes. For this year, Korea was supposed to host the event in turn. But a strong offer was made by Australian side during the previous AAEF in Malaysia. Although there were oppositions to the Australian event, such as "Why Australia for Asian forum," the Australian event was recognized in consideration of potential

expansions of AAEF to cover South Pacific islands, including Australia, and the United States.

#### Attendees from Australia and South Pacific islands expected

DAN: What are the focuses this time?

YU: ELV recycling will take up-front position throughout the conference. One of the themes is how to form, or seek opportunities to form, a strategic alliance with Australia, the U.S., as well as Asia, in order to achieve an efficient management of the environment related to auto recycling. The moves taken before the decision of the 5th AAEF holding suggested that European and American companies began to show strong interests to auto recycling in the Asian region.

#### European, American companies show strong interests in Asia

DAN: What is going on auto recycling in Japan, China and Korea?

YU: Japan entered 8th year after the introduction of Automobile Recycling Law. The law is observed and the market was established. It seems to perform very well. On the other hand, discussions are still on going in South Korea.

A new organization dedicated to auto recycling was formed in South Korea. The Automotive Resource Recycling Association, which was led by ex-executives of listed companies, aggressively promotes its business plans and is planning to launch a large-scale campaign this autumn. They will also go to ask revision of the existing automobile recycling law. On the other hand, the Ministry of Environment plans to start a pilot program using 100,000 ELVs. With the program, the government will examine the results of the recycled rate and profitability, through which, and the moves coming from new organizations, automobile recycling law may change drastically.

#### Korea to launch pilot project to cover 100,000 vehicles

DAN: Recyclers in South Korea were separated into Hyundai Motor group and non-Hyundai group. Is the new organization non-Hyundai group?

YU: Non-Hyundai recyclers have a small part of market share and they saw little potential of business development under the existing automobile recycling law which was led by Hyundai Motor. Therefore, non-Hyundai group recyclers joined

forces to set up a new organization. They also plan to invest in equipments such as shredding machines.

#### China begins to set about recycling business

DAN: By the way, what is going on in China?

YU: Chinese government is also moving toward auto recycling as an urban mine business. Although the government so far had provided subsidies for upgrading dismantlers' facilities, it began to fully focus on the education and development of auto recycling. Beginning from December 1 this year, it will host a 5-day exhibition of urban mine business in Beijing. A total of 10,000 visitors, including those from university, state enterprises, as well as private firms, will be expected. The move already attracted attentions from European and American industries as a business opportunity.

DAN: When the Chinese automobile recycling law go into force?

YU: It has not been clear yet. But the government did provide a subsidy for selected recyclers and they completed upgrading of their facilities. Because the subsidy program is expected to continue this year, licensed recyclers are planning use such money to set up machines in their sites. In Beijing, recycling capacity of ELVs is only 7,000 units a year at a major factory. Of that, 2,000 units are motorcycles. That volume will be finished within a month if a major Japanese recycler does it. In China, the environmental management of ELVs is not matched with business operations.

DAN: We hope that the real conditions of auto recycling in each country, including China, will be cleared in the forum's sessions. And how do you see a new development of AAEF?

YU: Actually, Mongolian University of Science and Technology expressed its desire to hold the next AAEF in Mongolia. In that nation, hybrid cars, even if they are used cars, are eligible for tax breaks as eco-friendly vehicles. So the first-generation Toyota Prius are often seen on the roads, and the import of second-generation Prius already started recently. Although the hybrid cars increased, they will be easily disposed as it is because recycling technologies are not available in Mongolia. We received the request from Mongolia to seek ways of collecting rare earth metals and auto parts from discarded vehicles. With these circumstances, they want to host an international recycling forum in Mongolia. Korea's economy department sensed that situation and is aiming to support auto recycling in Mongolia in order to expand its new car market in that nation. Each country has thought to enter the auto recycling in Asian countries.

<Daily Automotive News September 6 issue>

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## JAPRA to set up Green Point Center

The Japan Automotive Parts Recyclers Association decided to get involved in a government verification project toward the creation of Green Point Center (tentative name). The center will be the pillar position in the promotional scheme of reuse auto parts, through which incentive points given for end users depending on the reduction of CO2 emissions. That is believed to encourage the use of such parts and further reduction of CO2 emissions. The association sent application to join the "Auto Recycling Advanced Partnership Verification Project" of the Ministry of Environment.

The project is based on the results of Green Point system, an information provision service of CO2 emissions reduction by the use of recycled parts, which was initiated by automotive parts recyclers, including JAPRA and Waseda University Environmental Institute. In the verification project, the point system will be newly adopted to develop a new business scheme for the promotion of reuse parts. Like "Eco Point", the green point will be used by users to encourage the purchase of products, services and coupons. In the scheme, a simple business structure will be demonstrated in the flow of 1) repair factories report points of reuse parts for repaired vehicles to the

center, 2) end users send request using documents issued by the repair shop to the center to get points, and 3) the center provides points to users.

At the same time, promotional references and manual for reuse parts will be created to help repair factory staffs to develop their skills. A total of 120 factories will be selected as model factories of the project. Through these factories, questionnaires to end users will be conducted in order to grasp the use rate of reuse parts.

### BS Summit, insurers also join the project

In addition to Waseda University Environmental Institute, BS Summit and the General Insurance Association of Japan, both which have deep interests to reuse parts, also registered as joint applicant to the project.

Although reuse auto parts are needed to repair the damaged vehicles by accidents, end users were hard to feel the merits of the use of such parts. Repair factories were also reluctant to use such parts to users. On the other hand, insurers see the potential merit of the use of reuse parts because it helps to save claim costs. But they hesitated to promote reuse parts due to a scandal of non-payment for the past.

In order to turn the difficult situation to foreword, it is necessary to provide incentives to end users. The business scheme focusing on the CO2 emissions reduction thus is created by making a team of related

industries. <Daily Automotive News September 13 issue>

## BEST welcomes ARN

The BEST Recyclers Alliance announced that the new member ARN joined the group in August. With joining of ARN, the BEST memberships increased from the previous 270 firms of 3 groups (300 business locations) to 315 firms of 4 groups (315 business locations). In October, collaborative operations through the Gateway System will be conducted by 4 groups.

BEST Alliance was formed January this year by three major groups: Big Wave Co., EcoLine Co., and SPN Co. Through the united brand "BEST", the three groups have been promoting public relations and training courses, as well as marketing of recycled parts and ELV acceptance operations.

ARN has been building partnership with SPN since The Osaka-based recycler group entered inventory sharing business through Gateway in January 2004. From now, ARN will extend its bilateral trade linkage with Big Wave and EcoLine. Total transactions in the BEST alliance will further expand. By the advantage of upgraded scale of economy, the group will also accelerate the development of support systems for member recyclers. <Daily Automotive News September 20 issue>

## RECYCLERS TODAY

### SPN sees scan tools a marketing tool

SPN Co. will utilize scan tools (vehicle diagnostic & test tools) for the promotion of reuse parts. Based on the results derived from scan tools, details of functionality of engines and transmissions can be identified. The company will incorporate the information of test results into the inventory sharing system to show it as a reference of the reuse parts to customers. By providing information that repair factories want, SPN aims to increase the sales volume of reuse parts.

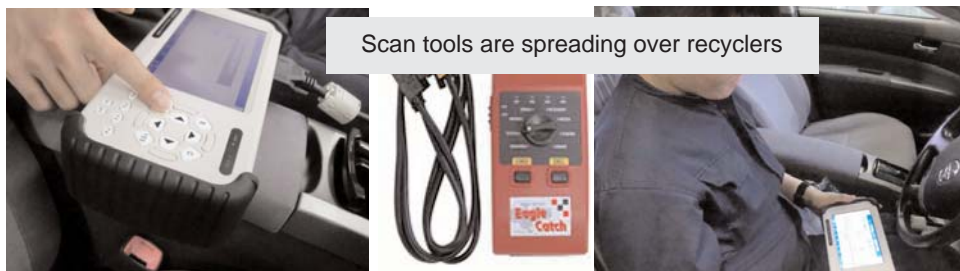
SPN member recyclers are increasingly introducing scan tools of each maker, with which the recyclers test the vehicle and find repair history. That helps recyclers to produce reuse parts in an efficient manner. The scan tools are becoming an essential tool for testing of newer vehicles, which are equipped with lots of electronics systems and devices due to carmakers' moves toward more fuel efficient vehicles in response to stricter emissions regulations. Even in the production process of reuse parts, the necessity of accurate diagnosis on vehicles using scan tools is becoming more important than before. SPN thus made a system in which accurate information will be communicated with repair factories. A skill up for staffs of parts production and sale front will also be expected through the system.

The detailed test results will be

uploaded on the Super Line System. For some engines, they can be reused only if some engine parts are replaced. Some repair factories require such parts replacement as necessary service when they purchase used engine. To meet the needs, recyclers should set up the in-house system to explain about exact status of the products to customers. That will enable recyclers to produce more products that the customers want and also help enhance the reliability of recyclers.

SPN will also cooperate with the Tokyo-based developer of scan tools Mlog Inc. and aims to improve programs of the Super Line System, by which test results of scan tools will be incorporated into the system. That enables users to easily use the test results.

SPN has been hosting a series of seminar focusing on the effective use of scan tools. In the seminar for members, lecturers are invited from rebuilt parts makers to provide the latest information on the automotive electronics components as well as cases of accidents caused by such electronics. SPN now focuses on the scan tools and continues to conduct seminars for members. <Daily Automotive News September 20 issue>



Scan tools are spreading over recyclers