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RECYCLERS TODAY



Major recycler Daiko to enter greenhouse farming

Akita Prefecture-based major automobile recycler Daiko Corp. will start growing tomatoes and shiitake mushrooms in a greenhouse, which will be heated by burning used tires. The fuel cost using used tires is expected to be slashed significantly compared with the conventional oil burning type.

A new company will be capitalized at 30 million yen. Daiko will be invested 20 million yen and partner companies will invest 10 million yen. Operations will be staffed by two or three full-time employees and 10 part-time workers in the initial stages.

The greenhouse facility, which is 18 meters wide and 60 meters long, will be set up in a 3,000 square meters of land in Akita Prefecture. Inside the facility, a special boiler will be installed, in which chips made of used tires will be fed. Total investment, including the boiler, is expected to be around 50 million yen.

In the greenhouse, germ-free shiitake mushrooms and tomatoes will be grown, both of which are fit for stable production throughout the year. The company hopes to produce 30,000 tons of shiitake and 2,400 tomatoes a year. The annual sales target is between 15 million and 20 million yen.

By using used tires, the fuel cost of the greenhouse will be nearly halved compared

with the conventional burning system using crude oil or light oil. About 600 tons of used tires have been taken away from vehicles every year at the recycler's site. "We want to export our products to cold regions such as Russia and Mongolia in the future," said company president Domon. The recycler also aims to sell used tires to farmers in Japan as a substitute for expensive oil.

Daiko Corp. was established in 1975. It sells used auto parts and handles industrial waste management. Estimated sales for its business year 2012 ending December 2012 will be 1.8 billion yen, up 15 percent from the previous year. < Nihon Keizai Shimbun September 26 issue >

Visitors come from Saitama to Carec in Fukushima

Fukushima Prefecture-based major recycler Carec Co. welcomed a visitor group that came from Saitama. The group of 28 people was members of the Yamaguchi District of Tokorozawa City Environmental Promotion Association. Carec president Watanabe guided them through his recycling facilities.

The recycler has been welcoming such visits as a good opportunity to gain understanding of automobile dismantling, parts separation, and recycling among the general public.

The visiting group from Saitama is assigned by the Tokorozawa City government to promote environment beautification activities in the local community. They are involved in the collection of used clothes and other used goods from houses as part of recycling education for citizens. They separate such used goods and take them to the "Mottainai Bazaar" in the city, by which they contribute to significant waste reduction as well as raising awareness of recycling in the community. They also conduct study tours every year to learn about various recycling activities in Japan.

Carec president Watanabe introduced them to all steps of the recycling facilities from the warehouse, parts separation methods, dismantling, and scrapping steps. In addition to the proper processing of end-of-life-vehicles, he also explained how these recycled parts are sold in the Japanese and overseas markets. A presentation of airbag deployment was also arranged at the site.

Group leader Mouri said, "It was beyond our expectations because the recycler carries out parts separation very precisely and produces recyclable parts. We learned lots of things and were delighted to join the site visit. We will also try to further promote our environmental activities." <Daily Automotive News October 2 issue>

Technical Clean exhibits at Tottori Industrial Festival 2012

Technical Clean Co. joined the 2-day event, the Tottori Industrial Festival 2012, held on October 5 and 6 in Yonago City, Tottori Prefecture. It was the third time for the recycler to participate in the exhibition.

Technical Clean arranged an easy-to-see CO2 emission reduction display for visitors, focusing on how CO2 emissions can be reduced by the use of recycled auto parts. Actual used parts were also displayed to better communicate how they are environmentally friendly in terms of green points, which are derived from a calculation through the Green Point System. "The word eco-friendly has become widespread, but few people know about it exactly. Therefore, a numerical display of CO2 emission reduction is a cue with which people can understand the meaning better," said the recycler.

The company will also open a new Internet site for used parts sales to professional and individual users of vehicles on November 1. That will be the first website of its kind in the Sanin region. "By visiting our website, users can find and feel eco-friendly solutions," the company said. <Metal Recycling Japan October 12 issue>

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Interview with BS Summit
Chairman Isobe

“We need parts price
down”

Repair industry group aims to
reduce parts costs

The automobile repair service industry is focusing on reuse auto parts to take the opportunity to expand their market. Daily Automotive News (DAN) interviewed BS Summit Chairman Isobe.

DAN: What is the purpose of increasing the use of reuse parts?

Isobe: The repair cost of a car is 70 percent for parts and only 30 percent for wages. On the other hand, insurers, who earn 60 percent of total sales from auto insurance and mandatory vehicle liability insurance, are now struggling with loss in this business. In consideration of the future auto industry and aftermarket, you need to lower the parts cost from the current 70 percent.

DAN: You recently mentioned “triple profits”.

Isobe: According to surveys, about 80 percent of end users are satisfied with repair using reuse parts. But the wages for car repair, which are controlled by the fair trade commission, have not been raised for the

past 18 years as of this October. First, we need to improve the problem jointly with struggling insurers. If the insurers succeed to improve their business, favorable results will come to us in turn. That is good for us, insurers and insurance policyholders (end users of reuse parts). That means triple profits. Reuse parts, which are environmentally friendly, will help us to see that.

DAN: How do you see today’s use of reuse parts?

Isobe: The use will expand if an industry-wide quality assurance system is introduced. But the transport cost is becoming a headache. The move would raise the price of used parts close to new ones, in which case there would be no advantage to using reuse parts. To respond to the issue, we at repair service operators and recyclers must join forces, in each region, to achieve delivery of reuse parts for short distances. That will lead to the cost reduction.

DAN: How do you promote reuse parts inside the BS Summit group?

Isobe: We already set up a Sales Promotional Committee in our group and are engaged in promotion. The BS Strategy Committee is also be involved in the effort. For example, reuse parts have been received by us with ratings of S, A, or B from recyclers. We have returned poor quality parts so far because we cannot use such parts. But some of such parts can be used if they are fixed. We thus try to thoroughly use reuse parts.

DAN: Any other efforts to make up losses?

Isobe: Personally, I think that the repair of damaged car is a mend. But some “adjusters” dispatched from insurance firms ask us to use new parts even after we show an allowable price. That will not make up losses. We want to show our proposals for repair work using new parts, reuse parts or simply mending to end users prior to the repair work. Through training courses, we have been preparing to offer complete estimates for our repair work.

DAN: What do you think about the reuse of airbags?

Isobe: It is a delicate matter and one important thing for us. If the reuse of airbag is made available, our work volume will increase and our industry can maintain employment. In the United States, I saw that there are shops which sell reuse airbags exclusively for Porsche cars. I think the Japanese industry also can come up with an idea to create a system which enables the reuse of airbags. That leads to social benefits.

DAN: In conclusion, any request to the recycling industry?

Isobe: Under the above mentioned circumstances, we ask them to supply reuse parts at price ranges as low as possible. They may reduce costs if they review unnecessary processes such as “polishing”. Today we have opportunities to talk with the recycling industry as well as with insurance firms. I hope we can progress with openhearted discussions among different industries for the widespread use of reuse parts. <Daily Automotive News September 26 issue>

INDUSTRY WATCH

Recyclers suffer
rising transport costs

Sagawa’s revision kicks off
nationwide price hike

Automotive reuse parts sellers are suffering rising costs of transportation. In some cases, the transport cost climbed from the previous several thousand yen to 30 thousand yen for the same parts. “The move could lead to a collapse of the market,” warned industry sources.

So far, most reuse parts sellers have shipped their products using Sagawa Express Co. in Japan because the firm offered convenient services at a reasonable price range. But the firm recently changed the size of its regular cargo system, in which doors, bumpers and bonnets were excluded from the service. Sagawa began

to apply extra fees for large-cargo service, including reuse parts. For example, the transport cost of a door, which was around 8,000 yen from Hokkaido to the Kanto region, climbed to 25,000 yen. The selling cost of a reuse door, which was originally 40 - 50 thousand yen, will rise to 65 - 75 thousand yen. There would be no advantage to using such expensive reuse parts.

Sagawa’s change is part of the major transporter’s revision of its operational strategies. So far, the firm has let the drivers determine the fees for customers. In order to gather cargo as many as possible, they offered relatively low-priced fees to customers. But the firm recently revised its fee system across Japan. As a result, reuse parts sellers face a sudden price hike in transport.

To respond to the issue, the reuse parts industry began to form regionally-based transport systems by selecting transport firms which offered competitive prices. Big Wave Co. agreed with Seino Transportation Co. last year to allow members to deliver reuse parts at a low-price range. The service is also applied to

EcoLine Co. and SPN Co. member firms, which are partners of the BEST alliance, which Big Wave joined. The move was followed by the leading group NGP, JAPRA, and Broadleaf.

Reform of transport system, however, is not a complete solution for the reuse parts industry. Originally, reuse parts had a variety of size and volume, ranging from heavy cargo (engines, transmissions), large cargo (doors, bonnets, etc.), to small cargo (lamps, etc.). So transport firms were reluctant to take such difficult-to-handle parts. But reuse parts sellers rushed into Sagawa’s service when it offered low-price services before and they cut out other transport firms which had long served them. Now, it is not easy for reuse parts sellers to find alternatives to Sagawa.

The rising transport cost is really a problem and has negative impact for them. They are forced to go to the trial and error stage. Some major firms began to change their pricing system from the previous “cost and freight” price to “cost” and “freight” separate price. <Daily Automotive News October 4 issue>