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RECYCLERS TODAY



JAPRA hosts factory tour to help widespread use of recycled auto parts

On October 17, the Japan Automotive Parts Recyclers Association (Chairman Nobuo Shimizu) conducted the 2nd Automotive Recycling Factory Tour. The industry group has been hosting such factory tours since 2011 to better promote the benefits from the use of recycled parts to related industries. Last year, an NPO, Genki Net, which was formed to achieve a sustainable society, joined the tour. Participants in this year's tour included representatives from the General Insurance Association of Japan, each insurer, the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Japan Automobile Service Promotion Association. Of the total 13 participants, 12 persons were first-time visitors to the automobile recycling factory.

The group visited three recycling firms:



Showa Metal Co.'s Iwatsuki recycling factory, U-Parts Inc.'s facility in Kumagaya city, and Koshigaya Fender Co.'s rebuilt parts factory in Saitama city.

At Showa Metal's factory, president Kurihara first gave a lecture on how recycled parts are traded in the domestic market. The group then saw the equipment in the factory, by which bumpers are crushed to be recycled, as well as the proper dismantling processes of end-of-life-vehicles using a nibbler machine. Next, they went to Koshigaya Fender's factory, where they saw the production steps in rebuilding used headlamps, front fenders and bumpers. They deeply recognized the difference between reuse parts and rebuilt ones when they experienced the high quality of rebuilt parts that match new parts. At U-Parts' site, president Shimizu outlined the flow of recycling steps ranging from the reception of ELVs to the production of reuse parts. The group then visited the factory and learned that exterior parts are strictly checked for flaws or dents before shipment. They also learned about pre-shipment tests of engines and transmissions using the company's original "Kakerukun" tester.

Meanwhile, the General Insurance Association of Japan, which launched last year the "Recycled Parts Promotion Campaign", is aggressively promoting the use of recycled parts to car owners and related auto industries. That is a favorable wind for the development of the recycling business. In addition, car owners are increasingly choosing recycled parts as replacement parts for damaged cars because the insurers began to revise the existing car insurance premium system this October.

"We confirmed the quality and safety of recycled parts as we saw recyclers' efforts through the factory

tour. We are confident in recommending the use of recycled parts," said a representative of the insurers association. A METI official also said, "I hope today's tour will provide the momentum toward the growth of the recycled parts market." <Daily Automotive News October 25 issue>

SSG joins BEST Recyclers Alliance

Hokkaido-based major recycler group SSG (membership 45) has joined the BEST Recyclers Alliance. With the new member, BEST now consists of five recycler groups or 311 recyclers across the country.

BEST was formed in January this year as a united team to combine the resources of Big Wave, EcoLine and SPN groups. In August, BEST welcomed the ARN group.

In a joint meeting of SSG and SPN held in Sapporo city, SSG's membership was announced. SSG president Furuta said in front of 60 attendees, "I believe our challenges of sales increases as well as troubles with high-cost transport will go the right way if the five groups join forces."

Big Wave President Hattori said, "Our network has expanded. We will respond to various issues such as rising transport costs." EcoLine President Imahara remarked, "We are planning to set up a new website. Opinions and voices from new members are also welcome." SPN President Kitajima said, "We will fully use the economies of scale in product distribution, public relations, and training seminars." ARN Chairman Okada commented, "The most important matter for today's recyclers is to strengthen their ties with each other for the future."

The BEST Recyclers Alliance will make efforts to help sales expansion and improve transport issues. <Daily Automotive News October 29 issue>

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Flare industry launches SMAP voluntary program

The Japan Safety Flare Industry Association will launch a voluntary scheme called "Waste Flare Safety Management Program (SMAP)" in November. The association is now in the final stage of selecting designated sites for waste flare reception. "The reception sites will be announced in mid-November. Dismantlers which are troubled with the process of waste flares must carry out the proper process in accordance with the scheme," according to the association.

Although the Automobile Recycling Law does not apply to waste flares to be taken from end-of-life-vehicles, the Japan Iron and Steel Recycling Institute (JISRI), a nationwide association of shredder operators, already pointed out the risks of waste flares causing fires in automobile shredder

residues (ASR) and it has been asking the government to establish a scheme for the proper process of waste flares. JISRI also attended the METI-MOE joint meeting for automobile recycling issues called by the Industrial Structure Council of METI and the Central Environment Council of MOE. Originally, the flare industry association unveiled its plan last year and planned to start the scheme in April this year, but it failed because an agreement with related industries, including the Japan Automobile Manufacturers Association, was not formed.

Finally JISRI reviewed its scheme and decided in August to launch it as a voluntary program "SMAP". The outline of SMAP is as follows: 1) 200 designated locations for waste flare reception will be arranged across the country, 2) waste flares will be packed in the dedicated boxes (100 units per box) to the storage and transport to the reception sites, and 3) costs (1,500 yen per box and 1,200 yen for transport) will be absorbed by the senders of waste flares.

Flares are treated as "explosives" for storage and transport

Waste flares must be treated as "explosives" under the law if you transport more

than 2 tons of them, or store more than 25kg. For storage of used flares, JISRI calls for the rule of transport of 3 boxes (8kg per box) at a time to a reception site. The association is selecting 17 sites in Japan for thermal recycling, where waste flares will be processed.

Waste flares total 9 million units a year

The number of waste flares is estimated at between 7 million and 9 million units annually, according to JISRI. But how many waste flares are processed is unknown. In some regions, most shredder operators conventionally receive scraps from dismantlers, to which waste flares are attached. According to a survey on waste flares, conducted by the Japan ELV Recyclers Association (JAERA), nationwide dismantlers association, problems with waste flares are identified by a limited number of dismantlers in specific regions in Japan.

Meanwhile, JAERA asks member dismantlers to process waste flares properly in accordance with JISRI's scheme if the processing of such flares is found to be difficult. As for the costs for such extra processes, JAERA advises dismantlers to talk with corresponding shredder operators. <Daily Automotive News October 25 issue>

INDUSTRY WATCH

Recyclers under hard times due to declining ELVs

Although the government subsidy program for purchases of fuel-efficient cars was launched again in January this year under the second supplementary budget, the number of end-of-life-vehicles began to decline from the beginning of this fall. The reasons for the decline are the end of the booming demand for new cars backed by the scrap incentives for vehicles aged 13 years or more, as well as a reduction in the total number of vehicles to be scrapped due to lengthening the average service life of vehicles.

After the 2011 Great East Japan Earthquake and Tsunami, many buyers rushed to get old and cheap vehicles with valid "Shaken" guarantees at auto auctions as reconstruction demand. The move made it difficult for recyclers to purchase ELVs across Japan. With the end of the eco-car subsidy program on September 30, the distribution of ELVs is likely to further shrink from October.

In the Japanese auto market, new car supply was delayed due to last year's disaster and flooding in Thailand. Carmakers are now focusing on the year-end season as the first step after the recovery stage. In February and March

this year, a huge number of trade-ins flowed into the used car market because registrations of new cars sharply increase for that period. At the same time, ELVs increased from the February-March period.

Kansai-based firms shifting from export business to domestic parts market

But the momentum of ELVs has already slowed. "In first half of this fiscal year, of course, we saw an increase in sales compared with the previous year which was immediately after the disaster. But the effect of the eco-car subsidy was weak and the reception of ELVs did not increase," said Osaka-based Shinsei Co. Managing Director Yamamoto. "Reception of ELVs was steady-going until August. But it turned downward in late September," Kobe-based Tada Motor Co. President Hirata acknowledged. "We saw around a 10 percent drop in the received number of ELVs in October and that is likely to reduce further in November," warned Himeji-based Horio Car Parts Co. Managing Director Fukuhara.

Under these difficult conditions, recyclers are increasingly strengthening their parts sales business in Japan. "Parts sales, which we started again in August last year, are steadily increasing. Parts demand for younger vehicles is particularly strong, while we send parts for older vehicles overseas. So we are confident in operating the parts business in both Japan and the export market," said Sumoto-based Royal Auto Parts Co. President Sasaki. "We had emphasized the parts export business until the first half of this year. But we want to gain profits by shifting our resources to the domestic

parts sales market," said Himeji-based Arai Co. President Arai.

Recyclers are also focusing on services to customers.

"Sales of recycled parts have been increasing steadily. Despite declining ELVs, we want to gain a good reputation among our customers by providing original services that are never seen from others," stressed Hirata. "We will expand the lineup of used parts for younger vehicles by collecting accident-damaged vehicles. That is the way to meet customers' needs," said Amagasaki-based Sakurai Co. President Sakurai.

On the other hand, recyclers are asked to strengthen the software of their operations, such as the ability of staff. Although the Internet-based business is becoming the mainstream of the nationwide market, sales activities in local areas will help their business fundamentals.

The revision of car insurance premiums may increase the needs for recycled parts. "With regard to imported cars, which we mainly handle, used car prices are going down. Car owners become sensitive to the cost of repair work and replacement parts. Therefore, demand for used and recycled parts is rising. It is expected to further rise due to the revision of the insurance premium," commented Neyagawa-based Taishu Automobile Co. President Kamikawa.

The average service life of vehicles which were received by ELV reception operators under the Automobile Recycling Law lengthened to 13.7-years as of FY2011, 2.3-years older than that of FY2004. With lengthening the service life of vehicles, the role of used and recycled parts is becoming more important year by year. <Daily Automotive News November 15 issue>