



# SPN NEWS

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## BEST holds New Year Meeting

The BEST Recyclers Alliance held on January 23 the New Year Meeting in Tokyo. The group was formed in January 2012 by integrating Big Wave, EcoLine, and SPN. Later it welcomed new members of ARN and SSG.

Big Wave President Hattori delivered the message at the meeting. "Countermeasures for transport cost rising are our first priority. We have successfully made a tie-up with Seino Transportation. And we are considering comprehensive measures for further cost saving in transport. As for taking stable procurement of ELVs, we are promoting to insurers and leasing firms, as representatives of our 5 groups. You will see a good news in March or April this year."

In March, the BEST website will be opened to send information to member



firms of 5 groups and people outside of the groups.

In 2012, transactions of recycled parts of Big Wave, EcoLine and SPN through the Gateway system increased 2.9 percent from a year earlier to 1,883.54 million yen. Contributors to the sales growth were listed below.

### 2012 Excellent Sales Performers

Top ranked company: Showa Metal (Saitama Prefecture)

2nd ranked company: Eco-R (Tochigi)

3rd ranked company: Shirato Shoukai (Chiba)

### 2012 Excellent Procurement Performers

Top: Showa Metal (Saitama Prefecture)

2nd: Mitsumori Corporation (Miyagi)

3rd: Tadokoro Shouten (Kagawa)

### 2012 Excellent Sales Growth Performers

Big Wave: Osumi Metal (Kagoshima)

EcoLine: Yoshimura Automobile Center (Miyagi)

SPN: Auto Parts Koshin (Hyogo)

### 2012 Excellent Procurement Growth Performers

Big Wave: Aratani Shoukai (Hiroshima)

EcoLine: Yamagata Automobile Recycle Center (Yamagata)

SPN: Okayama Auto Recycle Center Unojiko (Okayama)

<Daily Automotive News January 31 issue>

## JAERA moves to personnel development

The Japan ELV Recycler's Association has set up a new study team inside the organization titled "Future Policy Group (*Mirai Seisaku Bukai*)". The purpose of the new team is to help personnel development for the association as well as discuss about issues for the industry in light of the review work of Automobile Recycling Law.

There are two sub committees. The Policy Committee (*Seisaku Iinkai*) consists of 4 leaders of recyclers, including Ishigami Sharyo Co. President Ishigami and Miyamoto Co. President Miyamoto. The Future Committee (*Mirai Iinkai*) consists of 6 young leaders, including U-Parts, Inc.

President Shimizu.

Future committee is now engaged in gathering voices regarding the review of Automobile Recycling Law. JAERA already sent out questionnaires to its members. The future committee will collect them and compile voices for the industry toward the review work.

Today, most owners of recyclers are aged 60s-70s or more in Japan. In many firms, top managements are handled by young and new-generation owners. As for JAERA, it is an urgent issue to find leaders of the nationwide association from younger leaders. "Future committee is a good place for freely exchanging opinions and information each other as it has not clear vision of activities to be taken. In the industry, there are lots of new owners and I hope to invite many of them to join us," said U-Parts Shimizu. But he suggested a threat to independent recyclers. "Most policymaking processes are likely to be led by powerful carmakers. How to protect our business is serious for us, as well," he added.

Showa Metal Co. President Kurihara, a member of policy committee, also expressed concern. "Distribution route of ELVs had largely changed and a huge number of such vehicles are exported to overseas. Our industry must go into crisis if we leave things as they are. Our industry is to be protected by ourselves!"

Recently, many ELVs are going to auctions and tenders conducted by major dealers and leasing firms, and then go to be recycled. Recyclers aim to take such ELVs back directly to their sites again as they seen before. But it is not easy to change the routes.

These issues will be compiled by the Future Committee to help find benefits for the industry. New committee members are also asked to help strengthen the organization.

Their activities have just started. First of all, it will be a key for them to gather many young leaders to the meetings. <Daily Automotive News February 21 issue>

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## VOICE FROM INDUSTRY LEADERS

### Next 10 Years for Automotive Recyclers

Interview with by SPN group  
president Hiroyuki Kurihara

Q. How do you see the current status of auto recycling business?

**Kurihara:** There is no positive factor for the industry to expand in Japan. As already been pointed out, the generation of end-of-life-vehicles will shrink as the long-term trend. Under that harsh climate, recyclers should improve their financial constitution. Our company was also one of such firms focusing simply on the large number of ELVs to expect higher profit for the past. But we then stopped chasing the number. You must see the price war for vehicle procurement if you chase the numbers only. As a result, your firms are getting bad.

Q. What is your intention of your policy change?

**Kurihara:** It is necessary to build a firm financial constitute to get profits even if the ELVs are declining. Now we are facing harsh business conditions. Although many top management had experienced the expansion of their businesses, however few owners will have the ability to downsize or withdraw part of the firm's business. We are striving to promote the company-wide

reform and may close the division if it is not profitable. Under the hard times of these days, it is important for all employees and company management to have a tension toward potential crisis.

Q. How did you carry out such reform activities?

**Kurihara:** We have renewed customer management, including sales areas. Result-based compensation packages were also introduced. It is a good time for management to review the company even if it is tough business conditions.

Q. What about business operations?

**Kurihara:** We are now emphasizing collection of batteries, tires and bumpers rather than getting more ELVs. We built a recycling center for batteries and bumpers, through which we began to sell value-added products such as resin-based parts.

Q. You need more upscaled system?

**Kurihara:** So far, there were systems focusing on registration and sales of used parts. But we need it to include customer management. So we updated the system. Controls of profit margins per salesperson are also included in it. Through the system, every people should be able to know procurement price of ELVs and selling prices of parts, which had depended on each personnel.

Q. Such reform will be applied to the industry?

**Kurihara:** Some recyclers have successfully grown through their efforts of reform activities. But many recyclers have done nothing because of a high profit margin. That why the industry allowed new comers

to enter our market when the Automobile Recycling Law was introduced. The industry-wide weakness will be changed.

Q. By the way, will you continue used parts export?

**Kurihara:** That is a tough. The trend has changed. Parts buyers already left Japan and went to South Korea and Australia. They know ELVs of Toyota and Nissan models are available locally in Australia. They are now exporting used parts taken from such ELVs to Hong Kong and Malaysia.

Q. Do you feel a threat of potential hollowing?

**Kurihara:** That is the most serious concern. Today, every vehicle, even if very old ones, is exported from Japan to overseas markets. It becomes hard to find such vehicles in Japan and the price of such vehicles are rising. So we cannot exports used parts. Rules for controls of old vehicle exports will be expected, including mandatory inspection and repair of such vehicles before shipping. <Daily Automotive News February 21 issue>

Photo: Many old vehicles go to auctions and overseas.



## RECYCLERS TODAY

### Eco-R begins operations in Malaysia “Return recycling” to start

Tochigi Prefecture-based recycler Eco-R, Ltd. has established a company in Malaysia. The Eco-R Malaysia was capitalized at 25 million yen to construct an automotive recycling facility. In addition to the environmental-friendly recycling technologies, the new factory will include a vehicle body repair station whereby the company aims to operate aftermarket business such as used parts sales and car repair service in that country.

Although several Japanese recyclers have already set up recycling factories in Malaysian, however, it is rare for a recycler to tap into even aftermarket in that country.

The factory will be built in Klang city near Kuala Lumpur on the 16,500 square-meter land. It is schedule to begin operations in May staffed with 40 people. Total investment is expected to be around 100 million yen.

The automotive recycling facility, the center of the complex, will be a model factory of eco-friendly operations in considera-

tion of less impact even on the vicinity area. Engines will be disassembled and separated into materials to be supplied to factories in Malaysia and neighboring countries. Even engines which are seen as needless in Japan will be shipped to the company's Malaysian facility and then recycled and supplied to forged parts makers of Japanese carmakers. It is called as “Return Recycling.”

In addition to used parts sales and car repair services, sales of new cars, used cars as well as car accessories will be planned. The know-hows of new and used car sales have been stored based on the Eco-R DS Shop located in Ashikaga city, Tochigi. That will be incorporated into the Malaysian operations. The company aims to expand car aftermarket business from Klang city to across the country in the future.

In the ASEAN region, including Malaysia, motorization has been growing sharply. Beside the demand for automotive recycling, the development of aftermarket businesses and technologies such as repair services is awaited.

In order to meet the local demand, Eco-R, jointly with a local partner, decided to establish a base of a wide range of automotive operations in Malaysia.

#### <Background>

Major Japanese recyclers are forming production bases in China and ASEAN

countries because they see shrinking business in Japan. The generation of ELVs is highly likely to decline in the future. Moreover, exports of old vehicles, including damaged cars by accidents, are increasing, resulting in a loss of procurement of ELVs for recyclers. These will place a negative impact on recyclers.

Recent changes in demand and supply balance of the market are also found. For example, Australia, a major destination of used parts exports from Japan for the past, is becoming a supply base of Japanese used parts to ASEAN countries. Increased sales of new cars, which triggered by the Australian government economic stimulus program might power the used parts market there. According to a major Japanese recycler who had long traded with Australian partners, used parts deals between Japan and Australia have mostly ceased today.

Japanese carmakers have made Thailand and other ASEAN countries a production base of vehicles. These countries are expected to become an export base of even used parts in the near future. Much more Japanese-brand vehicles will be produced in these countries.

Meanwhile, Japanese recyclers have been supplying high-quality used parts for Japanese vehicles to be used overseas so far. It is uncertain for them to maintain existing positions in light of the globally changing trend of the market and production. <Daily Automotive News February 14 issue>