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OUTLOOK FOR RECYCLING INDUSTRY 2014

Revision of insurance premium rates a positive factor

Despite rising the demand for recycled auto parts, recycled auto parts industry entered the year 2014 anxious about supply. As such recycled parts sales groups are expected to take the lead this year in intensifying efforts to establish measures and implement actions, particularly to address increases in transport costs and the growing use of hybrid vehicles. Meanwhile, second-round talks toward revision of Japan's Law for the Recycling of End-of-Life Vehicles are to be conducted this year.

Revised of auto insurance premium rates have apparently given momentum to demand for recycled auto parts. Industry data already show in the use of insurance-covered car repairs involving genuine parts. However, real-world expansion of the use of recycled parts depends on the awareness of such parts by consumers. To this end, high expectations have been placed on the Recycled Auto Parts Promotion Committee, an industry-wide group covering supporting industries, which was formed last year.

Concern builds over increased exports of used vehicles

In terms of the supply of recycled parts, however, recyclers still face tough conditions. The generated volume of end-of-life-vehicles (ELVs) has already begun to decline. And the procurement of ELVs, which are the core source of recycled parts, is becoming ever more difficult due to ris-

ing prices of used vehicles triggered by the large-scale purchases of such vehicles by overseas buyers amid a weaker yen. Moreover, car dealers and repair shops are taking old vehicles directly to auto auctions, at which recyclers are forced to spend money to acquire such cars. The used-vehicle price increases are placing pressure on recyclers' business. The outflow of Japanese used vehicles is expected to speed up this year. As such, some recyclers are planning to increase parts removal from older vehicles and to strengthen their efforts to purchase cars directly from individual owners.

Talks about revision of automobile recycling law

This year the generation of ELVs is expected to increase, buoyed by a jump in new vehicle sales due to the rush in demand before Japan's planned consumption tax hike in April. But, after April, the upward move in new-car sales is likely to weaken when such sales resume their longer-term ongoing decline trend. Recyclers' difficulty in the procurement of ELVs may further worsen after the start of April.

Under such circumstances, the second round of talks on revising the End-of-Life Vehicle Recycling Law are to begin. To date, popular sentiment is that the law is working in a smooth manner. Therefore, major amendments are not likely to appear. But recyclers are starting to speak out, seeking such things as a stop to ELVs going to auto auctions, a change in the refund period of the automobile tonnage tax and the sanctioning of reuse of used airbags."

Moves toward savings in the transport costs of recycled parts are also expected to be one of this year's highlights. Recycler



groups are eyeing strategic cross-group alliances. Six recyclers' groups (NGP Group, Big Wave, EcoLine, SPN, etc.), jointly with Broadleaf Co. formed the industry-wide the Recycled Auto Parts Logistics Study Committee last year. The committee is expected to establish a new business partnership this year.

Active training efforts for handling hybrid vehicles

To respond to the proliferation of hybrid vehicle ELVs in the near future, recycler groups are actively conducting technical training courses on hybrid vehicles. Compared to gasoline-powered vehicles, stricter safety measures are required for hybrid vehicles during recycling work. Recyclers also need to view hybrid vehicles as rich sources of rare earth metals.

Meanwhile, controls on illegal activities are still an issue this year. Overseas buyers doing business in Japan as unlicensed traders—unlike domestic recyclers—are not subject to strict inspections by authorities, causing many domestic recyclers to complain that the situation is not fair. To this end, the authorities are planning to tighten rules against illegal activities, and are planning to expose what are being called "Illegal yards," which are a hotbed for the unlawful export of stolen car and illegal recycling. (*Daily Automotive News January 9 issue*)

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Government to establish quality standards for recycled parts

METI holds first study committee meeting in January

In order to promote the wide-spread use of recycled auto parts, the Ministry of Economy, Trade and Industry launched a study committee, which recently held its first meeting. A total of five meetings are planned for discussing the direction for establishing standards.

METI has concluded that appropriate product information is indispensable for expanding use of recycled auto parts and for creating stable supply of such parts to the auto repair market. To this end, knowledgeable persons, industry leaders and consumer group representatives are invited by METI to study committee meetings for discussing how to make product information available and the direction for establishing standards. At the first meeting, so that attendees would have shared understanding of the situation regarding recycled auto parts, METI officers gave a presentation on the status of the market and future issues for such parts. After the presentation, meeting attendees discussed about the definition of recycled auto parts. Comments made during discussion included: "Rebuilt parts are made through the remanufacturing process, but they are categorized as 'recycled parts', which is the same category as reuse parts. That's doesn't make sense." "Recycled parts' sounds too vague." Discussions are expected to continue on defining recycled auto parts and deciding how to refer to them in a way that is easy to understand and can be clearly communicat-

ed to consumers.

Calls were also made for guaranteeing of recycled auto parts, with one attendee saying, "A guarantee system is needed for new standards to be introduced." Indeed, some recyclers groups have already begun to introduce guarantee systems as part of their own quality standards. (*Daily Automotive News January 23 issue*)

IRT 2014 to take place in Kushiro, Hokkaido

The Japan Automotive Recyclers Association (JARA, Chairman Shigeru Tenmyo) has announced an outline of the International Roundtable on Automotive Recycling 2014 (IRT 2014), which is schedule to take place in Kushiro City of Hokkaido, in October. The program of the four-day event (October 1-4) will include an international conference, factory visits and reception party. At the conference, the activity schedule and management methods of the new organization, "Automotive Recyclers International Alliance (ARIA)" are to be discussed. International standards for automotive recycling and qualification and training systems are also topics to be on the agenda.

IRT has served as the only international meeting for automotive recyclers. In order to raise the presence of automotive recyclers, the first IRT was held in Brussels, Belgium in 2005. The eighth IRT or IRT 2014 will be hosted by JARA. It will be the second Japan conference following IRT 2007, which was held in Tokyo. The organizer hopes to attract attendees from more than

10 countries.

AIRA was adopted at IRT 2013, held in November 2013 in Phoenix, Arizona, the U.S., the Automotive Recyclers International Alliance was adopted as the name of the new international organization. At this year's Kushiro event, the activity schedule, growth strategy and research efforts of the new international organization are to be discussed by recyclers from around the world.

The main venue for ARIA 2014 will be a conference room at Kushiro Prince Hotel. Planned programs include an opening ceremony on the first day (October 1), a factory visit to a major recycler in Kushiro City recycler Takahashi Shokai Co., and a reception party on the second day (Oct. 2), and meetings on the third and fourth day. The mayor of Kushiro City and other guests are planned to deliver speeches on the first day. Reports on activities in each country will be presented by industry groups, including the Automotive Recyclers Association (ARA) of the U.S.

JARA is a non-profit organization established to promote proper recycling of end-of-life-vehicles and it has been representing Japan IRT meetings. (*Daily Automotive News January 23, 2014 issue*)



Creative power of women expected



BEST hosts all-women gathering "Joshikai"

Activities driven by the creative power of women are attracting people's attentions in various industries and the automotive recycling industry is no exception.

The BEST Recyclers Alliance, which

consists of five recycling network groups, has set up "BEST Joshikai," an all-women gathering program open to female employees of each member companies of the alliance. The program was created to help female employees closely communicate with each other and to thereby encourage them to originate their-own ideas and plans for business growth. With most of their working time spent on the phone, many female employees do not have much opportunity to meet with female staff members of other companies. The program's first all-women gathering took place for Chubu Block recyclers in December 2013 and future gatherings are expected to be held periodically.

The holding of a women's meeting (or "Joshikai") among recycling companies is the brainchild of President Atsushi Hattori of Big Wave Co. (Ama City, Aichi Prefecture). Companies in Japan have

recently begun to actively incorporate the creative power and flexible viewpoints of their female employees into the product development and client services, resulting in business growth. At the automotive recycling companies, which are staffed mainly by men, female employees are believed to hold a key to business development. "Female employees have different viewpoints from male staff members. I believe that the women gatherings will help them not only deepen ties with each other but also originate ideas," said Hattori. The first all-women's gathering was attended by 10 employees. Attendees visited the headquarters of Big Wave Co. and EcoLine Co. (President Katsunori Imahara. Located in Nakamura-ku, Nagoya City) and attended a dinner. Details of the next gathering have yet to be announced. (*Daily Automotive News December 26 issue*)

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