



SPN NEWS

JAPAN AUTOMOBILE RECYCLE NETWORK NEWS

Vol. 48 FEBRUARY 2012 <http://www.spn-partner.com>

Published by SPN Co., Ltd.

Tokyo Head Office: Shinwa Bldg. 1-2-2-7F

Nihonbashi, Chuo-ku, Tokyo, JAPAN 103-0027

Phone: +81 3 3548 3010 / Fax: +81 3 3231 4690

JARA wins Energy Globe Award for 2nd straight year

The Japan Automotive Recyclers Association (JARA) won the Energy Globe National Award 2011. This is the second time for the group to win the prestigious award following the 2010 award. The presentation ceremony was held in Austria in late November 2011.



Wolfgang Neumann, Austria, launched the Energy Globe World Award for Sustainability in 1999 and it has become today's most prominent and prestigious environmental prize.

JARA has been conducting research projects in Fiji, South Pacific, where many end-of-life vehicles were discarded, and presented a proposal as how to process such vehicles in an eco-friendly manner. With these efforts, JARA won the Energy Globe Award in 2010. And then, the group recommended that a technical education center should conduct recycling of auto parts and materials to reduce the discarded ELVs. In order to provide sustainable help to the local society, JARA published an English version of the Automotive Recycling Dictionary. As the result, JARA won the Energy Globe National Award 2011 award as a representative of Fiji. <Daily Automotive News January 5 issue>

RECYCLED AUTO PARTS MARKET 2012

Price cuts are the key to expanding the market

Price cuts are an urgent issue for the market expansion of recycled parts. Recyclers will not see a bright future without striving to slash selling prices of such parts.

In 2011, the Great East Japan Earthquake and tsunami greatly affected the auto market across the country. The generation of used cars has shrunk due to the reduction in new car production, resulting in a sharp decline in the number of end-of-life-vehicles. Under the circumstances, dismantlers, who produce recycled parts, were forced to purchase ELVs at higher cost. The transport cost of such parts has also risen amid soaring oil prices. With these factors, selling price of recycled parts has been climbing. Major transport firms, which operate nationwide networks, are also reluctant to carry reuse auto parts, which are diverse in size and weight.

More than 70 percent of new ones!

In general, used auto parts have been selling at half the price of new parts. But the price of some used parts began to surpass the 50 percent level if their supply is short against demand. According to car repair factories, the purchase prices of used parts are often 70 percent of new parts or more. So it is hard to benefit from using such used parts for car repair, they said. For vehicles damaged by an accident to be repaired with insured parts, the merit of the use of used parts is weakening as the difference between used and new parts is narrowing. Unlike new parts, it takes more time to find used parts which fit the damaged parts.

Recycling industry fails to communicate with consumers!

Today, the recycled parts industry is going the

wrong way to expand the market, despite success in the past year.

In 2011, The Japan Automotive Parts Recyclers Association (JAPRA) succeeded in integrating the existing standards of quality and assurance for used parts, which were different among the recycler groups, into a unified whole. Even Broadleaf Co., which operates "Parts Station" system in which many independent recyclers participate, asks system users to provide quality assurance for their products.

The industry also invented numerical relationships between the use of recycled parts and CO2 reduction, jointly with the Waseda University Environmental Institute and its venture Waseda Environmental Institute. JAPRA and its members created "Green Point Club" to appeal for the effectiveness of the use of recycled parts in terms of the prevention of global warming. NGP has now become the leading group to use the Green Point system in their business.

However, consumers do not understand what the benefit of recycled parts is or why it is good to stop global warming at all. "We know the use of a used one can help reduce CO2 emissions compared with a new one. But we don't know where we should go to get used auto parts for repair," said an official of the Japan Housewives' Association.

Promotion of "Where to get used parts?" needed for consumers

From the viewpoint of consumers, awareness of used auto parts is very low in their daily lives. Although efforts to reduce CO2 emissions are mostly welcomed by companies and businesses, the approach does not fit consumers, who will be the key to expand the use of recycled parts in the future. First of all, it is urgent to communicate to consumers "where they can get recycled parts".

It is too slow for the recycled parts industry to realize that consumers are the important customers. They have been contacting mostly car repair factories and insurers' agencies. Therefore, the industry is running on a B-to-B basis. They merely sell parts to consumers so far.

On the other hand, recycler groups eye the integration of their inventory sharing system to efficiently sell and buy used parts to each other across the country. The government authority (the Ministry of Environment) backs up the project. However, a wide-scale vision is far from a real-world move in the market.

We learned a lesson 17 years ago when the JAPRA System was created, backed by the former Trade Ministry (current Ministry of Economy, Trade and Industry). After the launch, the government-led parts inventory sharing system saw major groups losing their user accounts. Now the traffic through the JAPRA System is very poor. It is unlikely to turn upwards only if the patron changes from METI to MOE.

This is because consumers still do not welcome used parts for repairing their cars. Although, for household appliances and new cars, eco-points work well for purchases, used parts are not easily linked with purchase intention.

The most important issue for the industry is to show where consumers can get used parts as an industry-wide campaign. Another effort to stop soaring used parts prices is needed as well.

It is a fact that the recycled auto parts industry is still facing difficult conditions. The industry, a private sector, should resolve issues by themselves. It is not necessary for the government to spend money on a system integration project in the recycled parts industry. It is not timely. <Daily Automotive News January 5 issue>

Rebuilt Engine
High Quality
Links Japan Co., Ltd
www.links-jpn.com

We do business to save the Earth!
The Super-Line Partners Network
Offers good quality recycled and rebuilt auto parts!
www.spn-partner.com

YOSHIOKA GROUP
LOW PRICE
HIGH QUALITY
A copious supply of parts
To realize the resource circulation society
YOSHIOKA SHOTEN CO., Ltd
Okada575-1, Inada-City, Wakayama, 6496222, Japan
Tel: +81(7)3662-2229 Fax: +81(7)3662-1518
SECONDPARTS Ltd
Okada685, Inada-City, Wakayama, 6496222, J.
Tel: +81(7)3661-5311 Fax: +81(7)3661-5314
Mail: info@yoshiokashoten.co.jp

2,800 disaster-damaged vehicles in Sendai go to shredder machines

Vehicles damaged by the Great East Japan Earthquake and tsunami in Sendai, which were collected by automotive recycler groups, have entered the final process. Of the total 3,500 damaged vehicles stored in temporary yards A and B, recyclers have already taken part of vehicles as the core of recycled parts. Shredder operators will purchase the remaining 2,800 damaged-vehicles and put them into shredder machines by the end of February.

The final meeting between shredder operators and recyclers will be held on

January 6. Of the total, 700 vehicles will be handled by recyclers and dismantlers, who are members of the Miyagi Prefecture Used Auto Parts Rebuilders Association and East Japan Automobile Dismantlers Association. As for the remaining 2,800 vehicles, which were seen as “cannot be recycled,” NGP and SPN groups conducted two tenders to select appropriate shredder operators in accordance with the number of collected vehicles.

As a result, SPN is responsible for shredding 1,000 vehicles, of which Seinan Co. and Imai Cars Co. are handling 500 units each. NGP will process the remaining 1,800 vehicles. Of that, Seinan Co. and Fuji Metal Recycle Co. will be shredding 1,000 units and 800 units, respectively.

Shredder operators will pay an amount equivalent to that which recyclers spent the vehicle collection work in the region. The actual value to be paid from shredder operators is expected to be around 60 percent of

recyclers’ costs in disaster relief activities.

Last year Japanese auto recycler groups joined efforts to help disaster relief activities after the March 11 disaster. They were members of the Japan ELV Recyclers Association, NGP Automobile Recycling Association, SPN Club, and East Japan Automobile Dismantlers Association. In Miyagi Prefecture, their efforts successfully worked in collecting a total of 10,000 vehicles damaged by the disaster in Sendai and Iwanuma cities, including the hard-hit Sendai airport area. <Daily Automotive News January 5 issue>



KUALA LUMPUR REPORT < 2 >

Shinichi Aoyama
Daily Automotive News

A hub for used auto parts for Japanese vehicles

Used part industry’s dilemma as it confronting government policy to develop domestic parts industry

Reuse parts are not much used in the Malaysian domestic market. SPL Auto Parts was the only company to focus on the domestic market. “Demand for reuse parts is growing in the outskirts of Kuala Lumpur,” the company said. But sales of such parts are a very small part of the firm’s net sales. Like other companies, SPL Auto Parts relies mostly on the export business.



I saw transmission conversion work at the company. A Daihatsu Mira, which was exported from Japan, was placed in front of the store undergoing conversion work from a manual transmission to an automatic transmission. On the front of the car, which was detached from the body, a JAF sticker was attached. Despite being a car which became an end-of-life-vehicle in Japan, the Mira still can be used in active service overseas. The cost of transmission conversion work is around 18,000 yen. It would increase if the car were a luxury model like Honda, the company said.

Recyclers’ efforts to reduce environmental stress to avoid a ban on imports

Meanwhile, SPL Auto Parts has been focusing on rebuilt parts such as compressors, dynamos, and cell motors. The company imports such used electric parts mostly from Taiwan and then produces rebuilt parts. It exports them to Thailand, Vietnam, Cambodia, other ASEAN countries and China.

The Kuala Lumpur area is not only the trade base of Japanese reuse parts but also the export base of rebuilt parts to overseas. However, for the Malaysian government, which has set up the national goal of “Become a developed country in 2020,” the used parts trade is not simply welcomed. Although used parts traders and rebuilders generate jobs and gain foreign currency, the business is the opposite from the government policy to develop the domestic auto parts industry.

The government thus eyes a ban on the import of all reuse parts. The Malaysia Automotive Recyclers Association (MAARA) strongly opposes that move. In the 4th Asian Automotive Environmental



Forum, Malaysian government officials expressed concern saying “the importation of poor quality used parts would help increase stress on the environment.”

Recyclers introduced voluntary tests

In order to avoid the ban, MAARA should make efforts to reduce the environmental stress of used parts. SPL Auto Parts and Han San Auto Parts have already set up a production line, in which inferior transmissions or engines are disassembled and tested. If the engine does not pass the quality test, it will be decomposed into materials. Han San Auto Parts has an engine decomposition line with 16 steps. Through the line, aluminum and mold are separated from the engine. Special equipment for piston recycling is also arranged, which pulls the pins out from the piston and separates the piston and connecting rod. Another machine cracks the cylinder block to pull out the sleeve. These material recycling processes, which are labor-intensive work, are operated by low-cost foreign workers from neighboring countries. In order to gain profits, SPL Auto Parts employs workers from Bangladesh and Nepal.

Japanese used cars have been widely used in developing countries. Following this trend, the demand for used parts has become developed in the world.