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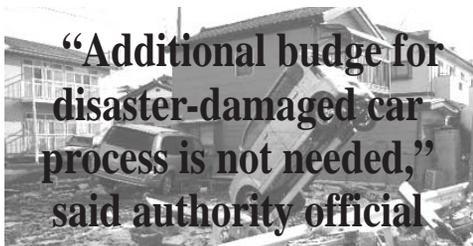
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AUTO RECYCLING, TODAY AND TOMORROW



“Additional budge for disaster-damaged car process is not needed,” said authority official

Interview with METI automotive recycling chief

Seven years have passed since the Automobile Recycling Law was introduced in Japan. Automotive recycling is increasingly becoming important as people pay great attention to the environment and activities toward energy savings such as the 3Rs (reduce, reuse and recycle). Now we need to know Japan's current position in regard to auto recycling as well as the authorities' thoughts about it.

Daily Automotive News interviewed Mr. Ono, Automotive Recycling Section, Automotive Department, Manufacturing Industry Bureau, the Ministry of Economy, Trade and Industry.

Q. How do you see the current status of Japan's auto recycling since the introduction of the Automobile Recycling Law?

Ono. “It is going very well. You can see that inappropriate discarding of end-of-life-vehicles has dramatically decreased. That is the outcome of the law.”

Q. Last year many vehicles were damaged by the Great East Japan Earthquake and Tsunami. How is the collecting and dismantling process of such cars going?

Ono. “We have a system that completely processes the disaster-damaged vehicles. If a car's owner is identified, the process is carried out in a safe manner under the scheme of Automobile Recycling law. If the owner is not found, the Automobile Recycling Promotion Center will help the process. Of course, these activities are performed jointly with local governments. I hope that all disaster-damaged

vehicles will be processed within fiscal 2012.”

Q. For dismantling disaster-damaged cars, is it necessary to spend additional money?

Ono. “We think that a new budget for such efforts is not necessary. For all vehicles on nationwide roads, including disaster-damaged cars, recycling fees are already paid. If a car's license plate is not found, we will process such a car smoothly by temporarily using the Earmarked Fund for Recycling.”

Q. How many disaster-damaged vehicles have been processed so far?

Ono. “Probably, it numbers about more than 80,000 vehicles. Of that, the owners of about 23,000 units are unknown yet according to local bodies.”

Q. A government subsidy program for the purchase of eco-cars will start. How many vehicles will be generated as end-of-life-vehicles (ELVs) this year?

Ono. “In fiscal 2011, ELVs will be below the 3 million-unit mark due to the impact of the disaster. That figure is expected to increase in fiscal 2012 because new car sales will be on the rise due to the subsidy program.”

Q. How do you see the recycled auto-parts market?

Ono. “We think sales of such parts will gradually increase in the future. The recycling industry has been making efforts to provide good products with pricing transparency. Thanks to the quality assurance system led by the Japan Automotive Parts Recyclers Association (JAPRA), users will be able to evaluate the recycled auto-parts in a fair manner. That is a good step. The industry needs to promote such parts more actively to end users.”

Q. What's going on with the collection of used warning flares?

Ono. “The Japan Safety Flare Manufacturers Association is making a draft of the collection scheme and talking with related authorities. It is not easy to come to an agreed plan so it is unlikely to start the collection in April. But the scheme will be completed in the near future.”

Q. The number of dismantlers has been declining. What about the future of the automotive recycling industry?

Ono. “The generation of ELVs is unlikely

to increase very much in the future. In general, the market depends on the supply and demand relationship. That also applies to the recycled parts market. The number of dismantlers is expected to decline to the level that matches the demand.”

“Automobiles' structures are changing. Recyclers need to get higher skills to dismantle such cars. All people in the industry may have a common issue. Now we think that an industry-wide effort to challenge the common issue will be necessary. We, as a government organ, will be involved in cautiously identifying the right course in which the private sector and the country should join forces.” <Daily Automotive News March 29 issue>

Electronics Recycling Asia

World Recycling Forum (WRE) will host the major recycling conference in China, “Electronics Recycling Asia” to be held from November 13 – 16, 2012 in Guangzhou.

During the conference, leading recycling experts from around the world - including manufacturers, collectors, processors, steel-makers, legislators and policy-makers - will meet to discuss:

- * Rare earth recovery
- * Reports about strategic metals
- * Metal and scrap trading
- * Best available recycling equipment and technology
- * Update about laws and regulations regarding collection and recycling
- * Presentations about proven collection schemes
- * New recycling plants
- * Market data of waste to be collected
- * How to recycle lamps and other mercury containing waste
- * How do countries and electronics manufacturing companies close the recycling loop?

Opening ceremony with keynote speakers and round table with industry leaders will also be arranged. During the 4-day conference, simultaneous translation into Chinese and English will be available. An exhibition area is integrated into the conference facility, where vendors meet their clients. A plant tour to manufacturing and recycling companies within Guangdong Province will be available.

For further information such as registration fee and hotel reservation, please contact:

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RECYCLERS TODAY

JAERA members are leaving

Dismantlers are struggling as they see decreasing ELVs and rising purchase cost

Recently memberships of the Japan ELV (end-of-life-vehicle) Recyclers Association (JAERA) have been decreasing. Most of them have left the association because of business closure, occupation change, or scale down of business. These moves are caused by the decreasing generation of ELVs in the market.

The nationwide association was formed with a membership of more than 1,000 firms. But it decreased to 730 as of December 2011. The figure is likely to decrease to around 700 when fiscal 2012 starts.

Now dismantlers are facing very tough conditions due to a weakening business environment triggered by decreasing ELVs.

JAERA consists of regional associations across the country. For example, the membership of the Hokkaido Dismantlers Association, the biggest regional organ of JAERA, is now below 100. The trend is also seen in other regional organs.

Their businesses are easily damaged by decreasing ELVs as well as rising purchase costs of ELVs. Newcomers, who entered the recycling business from other industries after the introduction of the Automobile Recycling Law, are also forced to scale down their businesses. A Kanto region-based recycler, who had entered the recycling business with back-up by a local investor, was forced to cut its personnel and left the regional association. The firm automatically left JAERA. It was a rare example that has never been seen before in the industry.

On the other hand, carmakers such as

Nissan and Honda, are moving to directly control car recycling of their vehicles. Therefore, dismantlers, as subcontractors, are coming under hard pressure from demanding carmakers. Dismantlers don't have enough power to negotiate with carmakers.

JAERA, as the only nationwide association of its kind, needs to reshuffle its organization to help dismantlers. <Daily Automotive News April 5 issue>

Royal Auto Parts re-launches parts sales in Japan

Hyogo Prefecture-based recycler, Royal Auto Parts Co., has re-launched recycled parts sales in the Japanese domestic market. The company has set up an exclusive office and warehouse for parts in its main factory to make the parts business its third pillar following the export and scrap businesses.

In 1991, Royal Auto Parts relocated from Osaka to the current place and has a wide 29,000-square-meter yard, where ELVs are dismantled and recycled. The company opened its sales office on Awaji Island in May 2010 and its Osaka sales office in May 2011.

So far, the recycler had mostly invested in the parts business for export as its main business and stepped aside of the domestic sales business. But recently it resumed parts sales in the domestic market in order to explore various business patterns. The company aims to increase the lineup of recycled parts and strengthen staff training for the business. <Daily Automotive News April 23 issue>



Parts sales on the rise buoyed by quality assurance standards

But price hike, a headache

In May 2011, auto recycling groups introduced quality assurance standards for reuse auto parts. Vehicle repair factories and insurance firms are also going to such parts. Sales of major parts sales groups are increasing.

Last year, the market leader, NGP, saw an increase of 7.3 percent in net sales from a year earlier. Big Wave, EcoLine and SPN, which formed the Gateway bilateral trade system, also saw an increase in their combined sales, 8.3 percent.

One of the positive factors for their sales being up is a standardization of guarantee and quality criteria for reuse parts, which was initiated by the Japan Automotive Parts Recyclers Association. This makes insurers have more interest in such parts. "Adjusters (insurer's survey staff for car accident) are increasingly recommending the use of recycled parts for car repair," said a repair factory owner.

On the other hand, an obstacle to the growth of recycled parts is price hikes. Recently, the purchase cost of ELVs, which are the core for such recycled parts, is rising. In addition, the transport cost of such parts is also on the rise. These make recycled parts not so cheap products. Users may not feel the merits of using recycled parts if the price gap between recycled and new parts becomes narrow.

In general, recycled auto parts are not known very well by consumers in society. How to improve the awareness of such parts is an urgent issue for further expansion of the market.

Today, most recyclers are struggling to get more ELVs and slash transport costs in order to survive in the market. Hard times for recyclers are likely to continue for a while.

<Daily Automotive News April 23 issue>

METI says disaster-damaged car recycling in Tohoku is going well

Recycled vehicles total 80,000 units in 3 Tohoku prefectures

In 3 disaster-hit Tohoku prefectures, Iwate, Miyagi and Fukushima, about 80,000 damaged cars have been processed in accordance with the Automobile Recycling Law, one authority said. According to a survey conducted by the Ministry of Economy, Trade and Industry, of the total, about 23,000 vehicles' owners are still unknown. Vehicles damaged by the disaster are expected to total around 300,000 units. Of that, many vehicles were swept away by the tsunami into the sea.

Nevertheless METI hopes that all damaged vehicles left on land will be dismantled and recycled by the end of March 2013. The government eased regulations for airbag recycling in the disaster-hit area as well as providing aid for transport of damaged cars to help the recycling process there.

METI estimates that the total weight of vehicles swept away by the tsunami into the sea in the 3 Tohoku prefectures is 313,000 tons.

Not every recycler can work well in Tohoku. Recycling of hard-hit vehicles is only taken by recyclers who have "nibbler" machines. The heavy-duty machine is not owned by every recycler because of high cost. Even if a vehicle is not heavily damaged, manual dismantling is not easy because most damaged vehicles have sand and debris inside the cabin. "One car is 100-500kg heavier than a usual car," said a shredder operator.

There are differences in the speed of damaged car recycling in Tohoku. A recycler in Iwaki City, Fukushima Prefecture, said, "Damaged car recycling was very

busy in May and June last year." An Aomori-based recycler said, "Such work was finished in August last year." In contrast, there are many damaged cars left in the yard on the coast side of Miyagi and Iwate. "About 10,000 damaged vehicles are still stored in the coastal area of Iwate and 20,000 units in Ishinomaki City of Miyagi," said industry sources. "Ishinomaki has the biggest number of such vehicles in Tohoku."

In addition, not a few vehicles are left in the Hazard Area of radiation triggered by the nuclear power plant accident in Fukushima. <Daily Automotive News March 29 issue>

