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Gathering with rebuilt parts manufacturer partners



JARA aims to purchase 10% more rebuilt parts in FY2017

JARA Corporation has set a goal of purchasing 10 percent more rebuilt parts and new parts made by non-JARA members in fiscal 2017. The company aims to strengthen its ties with rebuilt parts manufacturers and, meanwhile, the JARA order reception center will actively hold sales promotional campaigns and technical workshops throughout the fiscal year.

These objectives were announced at the 4th Gathering with RP-GP (rebuilt parts and genuine parts) providers. Last year, JARA's purchases of such parts stood at 111 percent compared to a year earlier, which is short of the company's goal of 115 percent, which JARA said it missed due to the late launch of promotional campaigns and other factors.

This fiscal year, JARA intends to allocate staff members who will be exclusively in charge of RP-GP manufacturer and who will actively call on them. It is also considering the holding of periodical block meetings with providers. Moreover, in order to assist the business performance of members of ATRS (automobile total recycle system), JARA will hold system operation workshops.

With regard to sales expansion at the JARA order reception center, the company will set goals, such as those related to promotional activities aimed at existing customers. It will launch seven times the promotional campaigns it conducted last fiscal year. In order to raise awareness of JARA, it will place a banner advertisement on the Japan Automobile Service Promotion Association's FAINES website. Renewal of JARA's website is also planned to further increase orders.

Technical workshops will be prepared with

upgraded contents through tightened relationships with RP-GP providers. In the case of previous workshops, many attendees said that they wanted more-in-depth technical training.

JARA holds gathering with rebuilt manufacturer partners

JARA Corporation held on January 19 the 5th Gathering of RP-GP Providers at Tekko Kaikan in Tokyo. The event was attended by representatives of rebuilt manufacturers and JARA executives, for a total of 34 people. They looked back at the FY2016 sales results and then exchanged opinions about the sales target and sales promotion activities for this fiscal year.

JARA Corporation President Soshio Kitajima said, "We would like to hear your frank comments and new proposals. And then we will make this year a year of significant advance." (*Daily Automotive News, January 26 issue*)

Kurihara to head JAPRA, eyeing closer contact with ELV association

The Japan Automotive Parts Recyclers Association (JAPRA) held its 6th General Meeting on December 21, 2016 and announced a new executive team. Automotive Service Parts Association Chairman Hiroyuki Kurihara assumed the position of JAPRA Chairman, while JARA Group Vice Chairman Yuji Imai, NGP President Yukio Sato and Rebuilt Manufacturers Association of Japan Chairman Koji Fukazawa became JAPRA vice chairmen.

At a press conference on the same day, the new Chairman Kurihara expressed his aspiration, saying, "I have a sense of great responsibility in fulfilling my duties in such an importance role at this association, which has a long history. Despite



New JAPRA Chairman Kurihara, right, and former Chairman Nobuo Shimizu, left

tough issues such as declining ELVs and the fall in material prices, I want to tackle challenges to invigorate the industry." He also stressed: "Each group faces declining memberships. So far, JAPRA focused on recycled parts, while the ELV Recycler's Association made dismantling its main focus. From now on, both parties should closely communicate with each other. We want to take actions to protect our industry."

Meanwhile, JAPRA announced its theme of "Promote Visualization of Parts Quality and CO2 Reduction Effect" for this fiscal year, and also plans to more actively participate in the Automotive Recycled Parts Promotion Council, which consists of the General Insurance Association of Japan, the Japan Automobile Service Promotion Association, the Japan Used Car Dealers Association and the Japan Auto Body Repair Association.

JAPRA will also continue to survey members to determine the size of the market. The contents of the survey will be refined to get a more accurate view of the recycled auto parts market. (*Daily Automotive News, January 5 issue*)

CO2 Reduction Effect (based on Super-Line System)

The use of Reuse Parts saved
2,891 tons of CO2 emissions
in December 2016

The reference figure represents the difference of carbon dioxide (CO2) emissions at the vehicle repair using genuine (new) parts and recycled parts.*

*: Based on "Green Point System", which was jointly developed by the Japan Automotive Parts Recyclers Association and Waseda University Environmental Research Institute using a life cycle assessment (LCA) technique.

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The world is watching President Trump

Launch of U.S. Trump administration has auto industry watching

In the United States, the Trump administration kicked off on January 20. New President Donald Trump, before taking office, had often made extreme remarks and verbally intervened in issues related to corporate investments. The world is closely watching how U.S. trade, environment and diplomatic policies might change.

NAFTA review seems inevitable

The first thing the manufacturing industry is closely watching is U.A. trade policy. U.S. Secretary of Commerce Wilbur Louis Ross announced at his confirmation hearing that the U.S. will inform

Canada and Mexico that it intends to negotiate the North American Free Trade Agreement. He also criticized the Trans-Pacific Economic Partnership Agreement, by saying, "It is disadvantageous for the American auto industry."

Although there is uncertainty concerning high tariffs and a "border tax", which Trump emphasizing during his election campaign, the auto industry will be forced to respond to maintain production inside the region if the administration strictly applies NAFTA's rule of origin. "We will adjust if NAFTA changes," said Nissan Motor Co. CEO Carlos Ghosn.

The U.S.'s pulling out of TPP talks is also a negative for the industry. On January 20, the Japanese government announced cabinet approval for TPP and then informed TPP secretariat New Zealand. A Ministry of Economy, Trade and Industry (METI) official said, "We will continue to stress to the U.S. the importance of TPP." About a bilateral agreement between the U.A. and Japan, Ross mentioned that, due to a barrier in the form of NAFTA's rule of origin, "Preferential tax treatment will be only be applied to vehicles built in Japan."

Possibility of remaining member of Paris agreement

Concerns of global warming are growing. President Trump chose persons who are skeptical about global warming for three major posts, such as administrator of the U.S. Environmental Protection Agency (EPA).

However, Trump, who stated during his campaign that he would take the U.S. out of the Paris agreement, might not do so. A METI official, who met with members of a U.S. think-tank on environmental issues said, "President Trump has realized the value of the Paris agreement and is likely to use it in making deals rather than pulling out of it."

Even so, the efficacy of the agreement could diminish if the U.S. wavers in its support of funding of it. Greenhouse gas emissions would increase if the EPA applies softer standards that take into consideration American automakers.

On the other hand, on January 10, more than 600 U.S. companies and groups, including Du Pont, announced their request for tighter measures against global warming. Moves are afoot for urging the Trump administration to take action. A Ministry of the Environment official said, "Ways of addressing such in the U.S. are multilayered. Even if the federal government starts heading in the opposite direction, moves toward tightening environmental regulations would remain unchanged in such states as California."

Diplomacy under Trump, with comments hinting at a closer relationship with Russia and a strict eye on China could lead to confusion for Japan and the world. A METI official warned, "Japan might get pushed around if the relationship between the U.S., China and Russia drastically changes." (*Daily Automotive News, January 21 issue*)

ELV acquisition falls for two consecutive years under growing exports

The declining number of acquired ELVs shows no signs of stopping. According to the Japan Automobile Recycling Promotion Center, ELV acquisition declined 5.0 percent from a year ago to 3,044,205 units in calendar year 2016. Although that was still above the 3 million-unit-mark, it resulted in the second straight year of decrease. The 2016 figure was the lowest, with the exception of 2005, when the Automobile Recycling Law went into effect, and 2011, which was affected by the Great East Japan Earthquake.

Last year, recyclers saw a series of shutdowns and bankruptcies. This year, recyclers still face tough issues, such as the shortage of ELVs, a transport cost hike, falling material prices, and changes in ELV distribution routes.

ELV acquisition has been shrinking due to declining ELV generation and expanding exports of used vehicles buoyed by growing overseas demand. Compared with the peak of 3,927,524 units in 2010, the figure was reduced by about 883,000 units in 2016. On a monthly basis for 2016, year-on-year increases were recorded in only September, November and December. Until September, a year-on-year drop had been recorded for

11 consecutive months.

Used vehicle exports contributed the most to the decline in ELV acquisition. In 2016, deregistered vehicles for export numbered 1,314,308 units. Although that was an 8.0 percent drop from a year ago, a significant portion of ELVs was still sent out of Japan. "Vehicles that essentially should become ELVs in Japan are exported. ELVs are pre-consumed by exports", says JARC. The average age of vehicles is 9-10 years for those that are exported, compared to 14.9 years for those that become ELVs in Japan. This means that "ELV generation will continue to fall from next year and after", according to JARC.

For fiscal 2016 ending March 2017, the number of ELVs is expected to be around 3.06 million units. JARC had originally forecasted that the number would be 3.3 million units if the consumption tax was increased as planned or that the number of units would drop by around 110,000 vehicles if the consumption tax was not increased". Actually, the figure is likely to further fall. Expectations are about the same for fiscal 2017. For December alone, ELV acquisition increased 1.0 percent on the year to 251,866 units. (*Daily Automotive News, January 19 issue*)

METI and fair trade commission set panels for big data competition policy

Talks began in Japan regarding how big data should be positioned in competition policy. The Ministry of Economy, Trade and Industry (METI) and Japan Fair Trade Commission (JFTC) separately launched its own council of experts to discuss about that matter. Organization for Economic Cooperation and Development, and competition policy authorities in Germany and France are also involved in the big data discussion. In the auto industry, big data in conjunction with connected cars and ride sharing services is about to control the competitiveness of products and companies. Such talks will attract attention.

METI established "A Study Group for Ideal Approaches to Competition Policies for the Fourth



Added-value coming from big data

Industrial Revolution. JFTC will also hold the first round of "Review meeting regarding data and competition policies" on January 20. Each party is to hold the meeting once a month and to compile report before summer.

Both meetings focus on how to handle big data, which is growing explosively due to diffusion of smartphones and IoT development. It provides added value, but on the other hand it allows established platform company to dominate the market and the power to eliminate competitors. That is concern in competition policy. OECD expressed such concern by saying, "If the companies use a common price-decision algorithm, market data-driven "digital cartels" could be allowed." German and French authorities also pointed out in a joint report that more detailed examination should be needed to control the data enclosure. METI thus will enter discussions focusing on how to build a fair competition environment so as to promote innovation using big data. JFTC goes to consider measures by compiling issues in light of execution of anti-monopoly act.

In the auto industry, vehicle behavior data has already used to analyze traffic congestion status and avoid accidents, as well as to anticipate failure thereby recommending repair. Big data of vehicle and customer is also essential for autonomous driving and ride sharing services. As such new businesses are expected to grow in our society, competition policy review will attract much more attentions. (*Daily Automotive News, January 19 issue*)



The fall in ELV acquisition continues



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