



JARA NEWS

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New Year message from JARA Corporation President Sosho Kitajima

Happy New Year!

Last year we had two big changes. In April, SPN Co. merged with EcoLine Co. and, then, to accelerate vehicle acquisition, we acquired a subsidiary SuperLine Tohoku Co. in October.

Through the merger, I believe JARA Corporation is now on the verge of offering better support to its members, as concerns the changing business environment brought on by advanced vehicle technologies, which have sharply progressed in recent years, as well as in terms of system management.

Also, we are now receiving unprecedented amount of information and various proposals from related divisions one after another, including an idea for our vehicle-acquisition business. I think this year we will make such proposal to a reality one by one.

As a hardware upgrading effort, we have set up new meeting rooms at our Tokyo Head Office, the Nagoya Branch, the Sendai Branch and others in order to deepen communications through regional meetings and training programs. In the latter half of last year, an operation training course for two existing systems was made available. Moreover, various courses and seminars are now open to member companies. Your active use of these programs will be appreciated.

Although we were unable to offer full-scale supports to our members within a half year of operations last year, we will gradually announce new solutions this year.

I wish you all continued success and prosperity. Your support and cooperation will be highly appreciated throughout 2015.

January 1, 2015
Sosho Kitajima



CO₂ Reduction Effect
(based on Super-Line System)

The use of Reuse Parts saved
2,724 tons of CO₂ emissions
in November 2014

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.

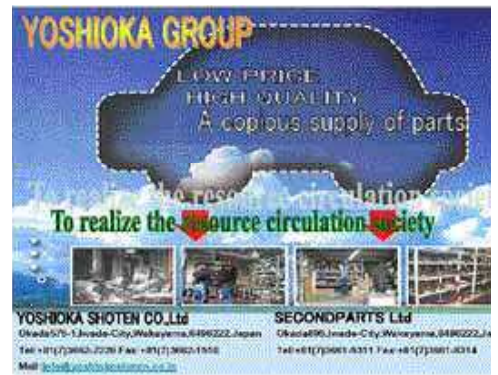
Turning point approaching recycled auto parts industry
Raising awareness is key

Moves in the recycled auto parts businesses are entering a transition. In order to cope with negative factors, such as rising transport costs, revised auto insurance premiums, as well as a declining population, recycler groups are accelerating the building of ties with in building ties with other groups or in marketing globally. Some companies even launched aggressive initiatives independently. Amid the growing number of hybrid vehicles (HVs) and electric vehicles (EVs) in Japan, recyclers are forced to respond to new technologies. They are facing tough challenges at home and abroad. Moreover, acquiring end-of-life-vehicles (ELVs) is becoming greatly more difficult as many used vehicles are exported to overseas markets. Recyclers are truly faced with trying to survive in a severe competitive environment.

Needs of recycled parts identified but the usage is low

"Customers seeking to repair vehicles at their own costs are increasing these days," a Kanto-based repair station said, suggesting that the use of recycled parts for car repair has begun to increase. In October 2012, the car insurance premiums were

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JARA Corporation formed a business partnership with Carpart.com, the leading U.S. recycled parts marketer, aiming for mutual distribution of recycled parts between Japan and the United States.

Turning point approaching

Global development will be one of strengths of Japanese company

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revised. To avoid expensive insurance-covered car repairs, car owners seem to be turning to low-priced recycled parts. However, more than a few repair stations admit that confidence in the quality of recycled parts is not strong. Raising awareness of recycled parts is not easy. This is a problem for the entire industry. In Japan, recycled parts account for only 5 percent of all repair parts, including genuine parts, showing a big gap with Europe, where the recycled parts ratio is 40 percent.

But Japan's recycled parts industry is not sitting still. Led by the Japan Automotive Parts Recyclers Association, the "Automotive Recycled Parts Promotion Committee" entered its second year of conducting nationwide campaigns to promote recycled parts. The committee is jointly supported by the General Insurance Association of Japan, the Japan Used Car Dealers Association, and the Japan Auto Body Repair Association. In October 2014, a grass-root campaign took place in the public area of Japan Railways Yurakucho Station in Chiyoda Ward, Tokyo. Staff members set up a booth featuring recycled parts and distributed leaflets to consumers that introduced the environmental advantages of recycled parts. "We want to make as many people as possible aware of recycled parts," said one of the leading members.

Tough conditions continue for acquisition of high price ELVs

Toward diffusion of recycled parts, issues are piling up. Every day, it is becoming increasingly difficult for

recyclers to procure ELVs day by day. An Abenomics-inspired weaker yen is the primary factor. Instead of going to recyclers, many ELVs are now going to auto auctions and are then exported. Exports of used vehicles have increased to 1.3 million units a year. "It is going to become a crisis," said one recycled parts group executive. Mostly relatively new used vehicles are going to auto auctions, making it hard for recyclers to make successful bids on because such vehicles go at high prices. The rising procurement cost of ELVs is putting further pressure on the recyclers' businesses.

According to statistics released by the Japan Automobile Recycling Promotion Center (JARC), in April-September of 2014, ELV acquisition totaled 1,711,479 units, up 2.1 percent from a year earlier. Although total acquisition increased, it was not as high as what the center anticipated in the wake of a rush in demand for new cars before the consumption tax hike in April. JARC previously forecasted the full year result of 3.4 million ELVs for this fiscal year, but it now says, "It may fall below the 3.3 million-unit -mark."

The rising transport cost of recycled parts is also putting pressure on recyclers' earnings. For recycled parts, which tout prices lower than those of new parts, swelling transport costs could damage their position against new parts in the market. To cope with this issue, the Recycled Auto Parts Logistics Study Team was established. It is participated by not only recycled parts sales groups, but also system developers and major transport companies, in an effort by

members of different industries to take joint action to counter rising transport costs. Under the initiative of the team, practical solutions have already been developed, including the unifying of packaging material and creation of a packaging instruction manual. As such, expectations are building in the industry. However, a recent decision made by a major transport company confused recyclers. The company decided that it will not pay compensation for auto parts damaged in transport if they are not insured. This sudden measure has already been introduced in some areas. "What the heck is happening?" seems to represent the sentiment of worried recyclers. The transport situation is constantly worsening, even as discussions to improve it. The recycling industry has yet to find a fundamental solution.

Pioneering overseas business,

JARA Corporation held the 8th Automotive Recyclers International Roundtable 2014 in Kushiro City, Hokkaido. The event, at which opinions were exchanged not only with recyclers from Europe and the United States but also from Asian countries, --set forth anew the notion that Japan should lead the world as an advanced vehicle recycling country. Also, at the gathering, JARA Corporation also formed a business partnership with Carpart.com, the leading U.S. recycled parts marketer, aiming for mutual distribution of recycled parts between Japan and the United States. Global development will likely be one of strengths of the Japanese company.

Meanwhile, in 2014, joint meetings for reviewing the Automobile Recycling Law were carried out between Japan's Ministry of Economy, Trade and Industry and Ministry of Environment. In the view of the 10th anniversary of the law, which went into effect in 2005, both ministries concurred that they will evaluate and examine the law, as circumstances have changed from the year of introduction.

Among next-generation vehicles, use of hybrid vehicles has sharply expanded, while vehicle imports now include electric vehicles. In November 2014, Toyota Motor Corporation announced a production fuel cell vehicle (FCV), a new genre in next-generation vehicles.

The recycling industry is really entering a transition period. "The era of bipolarization is coming," said an industry watcher. Hectic developments are likely to continue for some time to come. (*Daily Automotive News Dec. 12, 2014 issue*)

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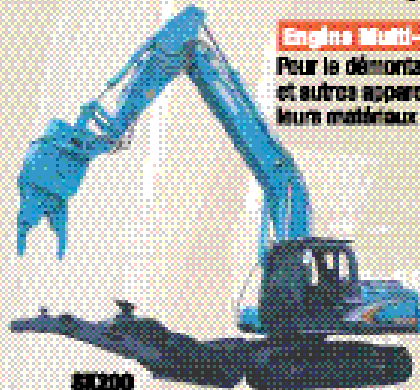
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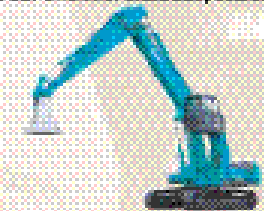
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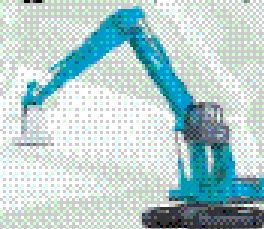
Vielfach-Zweck-Demontagemaschinen

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