



JARA NEWS

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JARA helps reduce 48,325 tons of CO2 in FY2015

JARA Corporation recently announced that the use of recycled auto parts in Japan reduced CO2 emissions by 48,325 tons in fiscal 2015 ended March 2016, based on the Green Point System (GPS), for which JARA started compiling values from its two transaction systems Super-Line and ATRS in April 2015.

GPS values are jointly calculated with the Green Point Club, which consists of Waseda University's Environmental Research Institute and parts recycler group. The club is qualifying the degrees to which recycled parts benefit the environment with the aim of helping end users and car repair businesses realize how recycled parts can reduce environmental burden.

Of the 48,325-ton reduction in CO2 in FY2015 announced by JARA, the company said its Super-Line accounted for 36,199 tons and its ATRS accounted for 12,126 tons. The company is strengthening its promotional activities focusing on the merits of recycled parts, and has adopted a CO2 reduction tool, among other measures, with an eye toward expanding sales of recycled parts.

GPS is also used by member recyclers of the Japan Automotive Parts Recyclers Association. The association informs its customers of GPS values by stating such values on invoices for recycled parts. Moves are afoot for the use of GPS overseas, with Waseda's Environmental Research Institute and an Australian dismantler having recently signed an agreement on the use of GPS values. (*Daily Automotive News, March 21 issue*)

Government begins considering controls on used airbag

The Japanese government has begun considering controls on the use of used airbags. The move comes due to a seemingly endless flow of cases involving improper handling by dismantlers of used airbags, for which quality cannot be guaranteed even if they are used in a legal manner, and because airbags can mean the difference between life and death. Fatalities caused by Takata Corp.'s airbag abnormally deploying when their inflators absorbed moisture should make apparent the risks involved. With

many cars today having up to 10 airbags, in addition to governmental measures, continued efforts by the industry will also be needed.

The Automobile Recycling Law requires that airbags of end-of-life

vehicles be securely collected and processed. However, this is simply due to the existence of harmful substances used in inflators in the past and to the risk of explosion during vehicle shredding. The law does not apply to airbags taken from other than ELVs.

Both automakers and the recycling industry are reluctant to reuse airbags simply because they cannot ensure quality. In addition to airbag themselves, crash sensors, control modules, spiral cables and related parts should be replaced after a crash, and it is impossible to test such to confirm whether all correctively works.

At the same time, used airbags are being sold online, with sales items being described in such terms as: "Nine Toyota Aqua airbags for 100,000 yen", "Honda Odyssey front passenger seat airbag for 3,000 yen". They carry the proviso of a no-claim and no-return policy, because they are used parts. In online sales, it is unclear whether the airbags are taken from ELVs or used cars. Moreover, most sellers claim to be individuals, making it difficult to identify any company that might actually be behind the selling of such parts. The operators of online shopping sites are reluctant to look into such dark trading due to legal issues, saying that the responsibility lays only between the seller and the buyer". A loophole in the law and the anonymity of online trading have enabled a hotbed of illegal trade in used airbags.

The government's approach has in no way been laissez-faire. In 2008, the Ministry of the Environment conducted an onsite survey of used airbags from ELVs and issued administrative guidance to companies violating the law. In 2010, jointly with the Ministry of Economy, Trade and Industry, it sent to local governments a promotional notice

Japanese cedar tree equivalents of achieved CO2 reductions

Category	Super-Line users	ATRS users *1	Total
Recycled parts	36,199 tons	12,126 tons	48,325 tons
Japanese cedar trees *	2,585,642.8	866,142.8	3,451,785.6

*1: Use started in April 2015

*2: CO2 absorption per Japanese cedar tree = 14 kilograms

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The first carry bags made from recycled materials that fall under a dedicated brand name and highly refined items featuring the partial use of leather.

Yamagata-based designer to market accessory bags made using used seatbelts and airbags

Collaboration with local automobile recycling factory

A young designer is aiming for the market launch of a line of personal item carry bags jointly with an automobile recycler. Yamagata-based designer Amao Takahashi and Yamagata Automobile Recycle Center Co. began to develop such bags last year and have created products that use seatbelts and airbags. Takahashi and his partners expressed pride by referring to the outcome of their efforts as items that are quite refined. Expectations are that the carry bags made from recycled vehicle materials will activate the local economy.

Takahashi and the Yamagata Automobile Recycle Center learned of each other last August, when the company visited the Yamagata Research Institute of Technology to find a way to develop a carry bag made from recycled materials that would sell. The institute introduced the company to Takahashi, who was working as a freelance designer and who had developed and marketed bags made using materials left over from sofa production.

Takahashi had originally worked as an industrial designer focusing on household electric appliances and golf clubs and was based in Osaka. Later, he returned to his home prefecture of Yamagata and worked at a furniture factory. During his time there,

Controls on the use of used airbags

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regarding the rectification of internet auctions. However, despite various measures taken to catch malicious businesses, a game of cat and mouse has continued, partly because there are so many businesses involved.

With the two ministries now moving toward applying the Specified Commercial Transactions Act, the used airbag issue is about to enter a new chapter. (Daily Automotive News, April 25 issue)



Used airbags are boldly put on sale through online auctions.

he came to realize that vast amounts of cloth were left over after manufacturing of sofas and other furniture. "What a waste! I should make something with this," he said he thought, recalling: "The answer is making bags with the cloth and selling it under a brand name."

Most people might not be aware that numerous garment factories equipped with excellent technologies are located in Yamagata, which was even home, until recently, to one of the few contract factories that produce bags of the well-known "Yoshida & Co." But, in recent years, the local garment factories are losing in the price competitions with their Chinese rivals, forcing people in the industry in Yamagata to work under suppressed wages.

Takahashi warns, "The manufacturing industry in Yamagata is forced to serve as subcontractor role, making it subject to price competition. Under this difficult situation, it is important to build the brand and products with marketing power here. If it comes to mass production at local factories, it will also help activate the local economy and contribute to job creation."

He thus proposed to build the "respec" brand, the name of which was derived from "re-specialty" and "re-specification" and implies having respect for nature and being reborn of items once regarded as being wasted. The brand logo was designed with a motif that represents a vista of the mountains that symbolize Yamagata.

At present, only two factories have been contacted to make the carry bags from recycled materials in Yamagata Prefecture. Takahashi foresees a future in which, "we'll have at least one factory in each city, town and village." (Daily Automotive News, March 31 issue)

Trying to survive with no exit, as recycled parts business nears crossroads

More negative factors appear

The situation is becoming even more chaotic for the automotive parts recycling industry. In addition to the

declining number of ELVs and hikes in transport costs, a fall in scrap steel prices and an increase in the handling of minivehicles are becoming new negative factors. The industry's existing business model of combining the strengths of internet-based sales and the full use of transport companies is now nearing crossroads.

"We are about to do a battle for existence." The words of an executive of a resource research company froze the atmosphere of the meeting room. The executive expressed his view of the worsening scrap steel market in the meeting, which was hosted in Tokyo by a major recycle group.

For automobile recyclers, shipment of scrap steel is an important revenue source on a par with the sales of recycled parts. Prices of scrap steels, however, have fallen from about 26,000 yen per ton in January 2015 to around 15,000 yen presently because of an inflow of excess steels from China to other part of Asia due to the country's overproduction. "The business does not pay with our personnel and labor costs," admitted a recycled parts

CO2 Reduction Effect

(based on Super-Line System)

The use of Reuse Parts saved
3,593 tons of CO2 emissions
in March 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.

sales executive.

Recycled parts sales businesses are also facing difficulty. In the market, ELVs are declining as new car sales are still sluggish. Transport costs are becoming high. "It'll be a matter of life and death for our businesses," said NGP Group's President Yukio Sato. Recycled parts are produced mainly by taking parts from ELVs after processing fluorocarbons and airbags, which are specified under the recycling law. Such parts are sold at relatively lower prices than that of new ones so that a certain demand exists among both end-users and repair businesses who seek cheaper parts for car repairs.

Until now, recycled parts groups, based on the competitively low pricing, have established their sales and delivery networks through the internet and transport companies. But, the situation has changed due to transport cost hikes. Costs are gradually rising and parts lineups are not sufficient for meeting customers' needs. "The hit rate of such parts has become low," voiced a repair industry executive.

Minivehicle ELVs rush into recyclers

In recent years, minivehicle ELVs have increasingly arrived at recyclers' sites. According to the Automobile Recycling Promotion Center, minivehicles now account for 40 percent of total ELV acceptance. Recyclers are reluctant to accept minivehicle ELVs, not only because they represent a smaller amount of resources compared to vehicles with engines of 1,000cc or larger, but also because the prices of parts recycled obtained from them are lower.

Despite rising concerns, players have begun to look for clues for a solution. JARA and Big Wave, which cancelled talks for a merger, are looking for ways to work together regardless of their existing individual business scopes. NGP Group set up a team for "Overseas Projects", with an eye toward full-fledged entry in overseas markets. JAPRA Corporation is also widening its ties with other internet system providers.

According to the latest data of the Ministry of Economy, Trade and Industry, the market of recycled auto parts in 2012 was estimated at 238.0 billion yen, up 4.8 percent compared with the previous year. The 2012 result meant an increase of about 20 percent (42.0 billion yen) from 2008. But the growth rate narrowed between 2010 and 2012. These figures demonstrate the limitation of market expansion only by way of existing businesses. Expectations for forming an industry-wide alliance are rising day by day. (Daily Automotive News, March 30 issue)

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