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Two recycler groups hold a joint New Year Gathering

BEST Recyclers Association (BEST) and Japan Automotive Parts Recyclers Association (JAPRA) held their first joint New Year Gathering on January 25 at a hotel in Tokyo. Until the previous year, they had each held a separate gathering. A total of 250 people related to the auto recycling industry attended the joint event.

At the beginning of the gathering, executive committee chairperson Nobuo Shimizu said: "Although the business environment of our industry is not optimistic, a closer tie between the players of demand and supply is important this year." He also stressed the cooperation and competition by saying: "The important thing is cooperation and competition toward going in the same direction. You need to compete with

others using originality and improvement, and not get into a power game."

Shimizu had led the industry as JAPRA Chairman for a long time. Hiroyuki Kurihara, who succeeded the chairman last December, expressed thanks to Shimizu's achievement. Kurihara then said: "Last year, we have seen a series of bankruptcy and business closures. So I have a sense of crisis. All the companies should work together to survive."

Attending guests included Akira Hosaka, Automobile Recycling Department of the Ministry of Economy, Trade and Industry, and Toshihiko Kude, Automobile Service Department of the Ministry of Land, Infrastructure, Transport and Tourism. Hosaka said: "We expect a challenge out of the box through tightened relationships with each group." Kude said: "Even for picking up and installation work of recycled parts, higher level technologies will be required."

At the gathering, people also happened to see



New chairman Kurihara, right, and former chairman Shimizu, left, who accepted a bunch of flowers

a symbolic event of the industry moving toward unity. Atsushi Hattori, president of Big Wave, announced in front of the attendees that the group will join JAPRA. His announcement was welcomed with cheers and applause. (*Daily Automotive News, Feb, 2 issue*)

We are JARA members

Mitsumori Corporation, sales of 'replace' parts go well

Mitsumori Corporation, Sendai City, Miyagi Prefecture, closed its dismantling division last fall and operates as a trading house for recycled auto parts. The decision to make the big change was taken nearly 5 years ago by the former president Takayuki Moriya, who suddenly passed away on September 15 last year. Now reborn Mitsumori Corporation offers newly invented 'replace' parts in addition to its lineup of 'reuse' and rebuilt parts.

Former president Moriya had led the industry for nearly 30 years. His own company features 80 percent of total sales coming from the recycled parts business, which is an unusually

large ratio in the industry. Other recycling firms mostly depend on dismantling and scrap sales business. President Hiroko Okubo recalls: "The former president is always thinking of business that is not affected by the market price." The market price of scrap steel has largely fallen last year. It was natural that the company shut down its dismantling division at that time. At the end of last August, the company closed its Ougimachi Plant, which performed automobile dismantling.

President Okubo said: "Now we all look in the same direction. I would like to express my thanks to people who gave us support after the former president died."

One of the company's features is its own-made replace parts for mufflers and propeller shafts, and head lights. These parts are produced by replacing damaged part of the original parts with a new one. Manabu Suzuki, company director, said: "The idea of the replace parts came from a suggestion of an employee. The former president also supported the idea." If

a part of an original muffler is damaged say because of rust, it is replaced with new pipe and stay and then welded. A replace propeller shaft is made by replacing a non-destructive spider, and then checking the balance. These are well supported by customers because of their low price and high quality performance.

Suzuki also stressed the stance of cooperation with others: "We make these parts simply because rebuilt parts makers do not. We have no intention of expanding this business area."

President Okubo expressed her view: "I want to make our company the one which people say is great to work with. Both people and the company can develop in the future." Suzuki said: "I will keep the business motto, which the former president usually said, 'always be spirited and greeting'"

Meanwhile, the company has a problem with the front-desk's capability of fully responding to the customers' requests. Therefore, "We have to increase payroll, both for sales and front-desk staff," said Suzuki.



The company's original 'replace' parts muffler features high quality at a low cost



President Hiroko Okubo, left, and director Manabu Suzuki lead the company



Headquarters of Mitsumori Corporation



'Replace' propeller shaft is produced with the support from partner companies



Executives of automobile recycling groups attend from across the country

The 3rd report of Auto Recycling Summit

Current status and issues for the auto recycling market

Daily Automotive News hosted the 3rd Auto Recycling Summit on February 3 at a hotel in Tokyo. About 40 people attended the event, including those who are executives of auto recycling groups and government staff. They discussed current status and issues related to the auto recycling market. The first part of the total three reports is summarized below.

“It’s really hard.” Yasuo Sakai, C.E.O. of the Japan ELV Recyclers Association opened the debate, suggesting the real status of the industry. There are a lot of negative factors, such as declining ELV generation in line with the shrinking demand for new cars and an increase in used vehicle exports from Japan. In addition, the scrap steel price has fallen, ELV procurement costs have increased, and transport cost increases are also applying pressure. “It is easy to see the seriousness of our situation when you look at our faces at seminars,” said Ichiji Hayakawa, Japan Parts Association.

Among others, a declining number of acquisitions (collection) of end-of-life-vehicles (ELVs) is a critical issue. “Difficulty in collecting ELVs is a big problem for us,” admitted JAPRA Chairman Kurihara. “It is natural that the market price changes. You should not be affected by such changes,” said Big Wave Hattori. “At present, most recyclers earn money from a three pillar business: parts sale in Japan, export and scrap steel sales. Recently they are affected by declining ELVs,” he added.

Chiyoshi Tsubo, Chairman of the East Japan



ARN C.E.O. Okada, center, seriously listens to the discussion



Japan ELV Recyclers Association C.E.O. Sakai opens the debate

Automobile Dismantling Union, analyzes the situation by saying: “They often say the market prices go bad. It is usual that this occurs for a long time. The recent fall of the market price might affect a little, so you don’t have to hurry.”

Hideyuki Doi, President of System Auto Parts, pointed out: “In recent years, the flow of ELVs has changed. The number of vehicles going to auto auctions has increased. We even have to procure vehicles from such places to pick up parts, or we cannot do business.”

Shojiro Hatomura, C.E.O. of Buyukai Corporation, said: “We have to compete to get vehicles at auctions. Vehicle prices at auctions are high even for very old like ELVs.” Masayuki Harigaya, President of Total Ecology Car Life Service Network, said: “The procurement cost doesn’t fall, while the scrap prices are falling. As a result, competition is getting more intense. Our selling prices are also going down. That’s the problem.”

The situation is applicable not only for passenger cars, but also for trucks. Masaki Miyamoto, C.E.O. of the Japan Truck Refine Parts, said: “As far as we have seen our 47 members, their businesses have been steady for the past year. However, differences began to appear between them by region and ELV acquisition.” JARA Corporation’s President Soshio Kitajima stressed: “A synergy effect has resulted since we had a merger three years ago.” Parts sales are growing through each of its two systems and ELV acquisition is also going well with the support from Toyota Tsusho Corporation.

Hiroshi Kudo, Director of SSG, said. “In the future, procurement will get much more difficult owing to a declining number of vehicles in use and fewer traffic accidents.” It is true. But how does each group handle business under a sense of uncertainty?

Takanori Okada, C.E.O. of Automotive Recyclers Network, to which regional parts



This time user groups of recycled parts also joined the event, such as JASPA Secretary General Ito, right.

CO₂ Reduction Effect (based on JARA System)

The use of Reuse Parts saved
3,137 tons of CO₂ emissions
in January 2017

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.



wholesalers joined, said: “We have had a study meeting to grasp the whole picture of the auto aftermarket. We have to handle not only reuse parts, but also rebuilt parts and new parts.” Harigaya also stressed: “The primary theme is how to get added value from a vehicle. This way, we are going to improve our business performance.”

Tsuyoshi Ishigami, Vice Chairman of the Total Car Recycle Group, said: “Besides today’s profit, we are exchanging information with members to explore investment opportunities for the next challenges.” Yukio Sato, President of NGP Group, said: “Our effort is to help members get stable management. And we have to create a group-wide policy. So we need to go forward together with other groups.”

Norihiko Kondo, C.E.O. of RUM Alliance, a non-profit organization, stressed: “Our challenge is to know how to survive in hard times. By focusing on precise parts recycling, we have to transform our business into one that is not easily affected by the market price.”

At the 3rd summit, user groups of recycled parts also participated in the discussion. Yasushi Yamamoto, Vice Chairman of the Japan Auto Body Repair Association, hinted at a potential expansion of the use of recycled parts, by saying: “Many car users are going to car repairers without insurance coverage after the premium rate was revised. Therefore, the use of recycled parts is increasing.” Masanobu Ito, Secretary General of the Japan Automobile Service Promotion Association (JASPA), said: “The auto repair industry might move toward using more recycled parts owing to the insurance premium rate change. Corporate fleet vehicles, in particular, prefer recycled parts rather than new parts. I think we need to further cooperate with the recycling industry.” (Daily Automotive News, Feb. 9 issue)



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