



JARA NEWS

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JARA announces business policy for FY2017

- aiming for an increase in parts distribution
- setting up next-generation society

JARA (Japan Automotive Recyclers Alliance) Group agreed to post its basic business policy for fiscal year 2017 as “Parts Distribution Expansion.” By maintaining the distribution inside the group, it will also go outside to seek an increase in the sales of the entire parts lineup, including rebuilt -parts and recommended parts (so-called “*Yuryo Buhin*”) by the Japan Automotive Products Association. Automotive recycling businesses are facing hard times due to the declining number of end-of-life-vehicles (ELVs) and other negative factors.

The Group announced its plans at the 3rd JARA Group General Meeting held on March 10, with its slogan of “Plus One Challenge.” Group Chairman Yuji Imai stressed: “this is our message to people in our field of work: you should visit customers every day, as many as possible. You should cut unnecessary steps in the factory. With these small actions, the company jointly with its owner might be able to see growth.”

For FY2017, five departments will take part in expanding parts distribution. The Block Department is charged with operating regular meetings, while the Educational Department is dedicated to human resources development. The General Affairs Department is engaged in information provision, while the Quality Management Department and the newly created

The 3rd JARA Group General Meeting



System Department are to serve Production Information. In addition, the Next-Generation Society was established to help foster human resources in younger management and candidates.

Regular meetings of the Block Dept. will be held based on sales performance, not on the previously held regional basis. As companies of similar scales seem to have common issues, the department will help them share such issues among cross-regional companies, thereby heading towards improvement and growth.

The Educational Dept. will focus on improving technical skills in addition to the skills provided in its existing training courses. It will also work together with external training institutes to foster human resources who are able to support customers.

Besides sustaining the existing campaign for nationwide workplace clean-up, the General Affairs Dept. will support the expansion of the sales of recycled auto parts and strengthen its educational activities.

The Quality Management and System Dept. will promote commercialization by utilizing scan-tools. It will also host some workshops to help recyclers maximize the added -vales of their recycled parts.

Kensaku Takahashi, president of Takahashi Shoukai Co., has filled the post of Chairman of the Next-Generation Society. He aims to build a nationwide network of second- and third-generation presidents of recycling companies, thereby broadening the knowledge of all companies involved. The society will host a nationwide joint meeting, which will be held in November of this year.

• FY2016 report and budgets for FY2017 approved

On March 9, JARA Group held its 3rd JARA Group General Meeting at a hotel in Tokyo. A total of 59 member companies of the 75 registered members attended the meeting and they approved the business report of FY2016 and the

JARA Academy



budget plans for FY2017. At the beginning of the annual event, Chairman Imai delivered his message:

“Last fiscal year we were able to see a yearly gain thanks to our various efforts such as system improvement. However, times are becoming harder. Nevertheless, this year I am still running to striving to our customers and then we will survive.” (*Daily Automotive News, March 16 issue*)

JARA Academy held

JARA Corporation recently held its JARA Academy, which focused on managements. In order to cultivate enough strength to make investments by predicting future trends, the academy provided a platform for discussing how to resolve ‘participants’ issues. Lecturers were invited to provide their experiences, know-how and their visions for the current situations.

JARA Corporation President Soshō Kitajima delivered his message:

“As you already know, we need various strategies to survive in the future, but there is a question. Will we need such strategies only for factory management and automotive recycling businesses? How far will our recycling businesses go? From now on, you should prepare your plans after listening to the outspoken opinions and information presented by the lecturers.”

A total of six Academy sessions will be arranged this year. At the first session, Satoshi Takahashi, former president of Takahashi Shoukai Co., gave a lecture titled “Yearly Plans for Investment in Facility and Equipment.” He spoke about “how to improve operational efficiency and how to create systems for improved productivity: it is important to think well to get to the next step.” The next session is scheduled to be held in March. Seats will be available for participants from managements and candidates as well as those who are willing to join regardless of their titles. (*Daily Automotive News, March 2 issue*)

CO₂ Reduction Effect

(based on JARA System)

The use of Reuse Parts saved
2,885 tons of CO₂ emissions
in February 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.

**Sales results and target for next-generation vehicles
METI**

	Year 2016	2030
Conventional vehicles	65.15%	30-50%
Next-generation vehicles	34.85%	50-70%
Hybrid vehicles	30.76%	30-40%
Electric Vehicles	0.37%	20-30%
Plug-in hybrids	0.22%	
Fuel cell vehicles	0.02%	3%
Clean diesel vehicles	3.46%	5-10%

Sales target of hybrid vehicles achieved ahead of government schedule for 2030

Target sales of hybrid passenger cars in Japan have been achieved ahead of the schedule that the government set for 2030. Although the Ministry of Economy, Trade and Industry set a goal for hybrid car sales of more than 30 percent against total car sales by 2030, actual sales of such cars accounted for 30.76 percent of total sales in 2016. On the other hand, targets for electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) accounted for less than one percent, respectively. The ministry aims to increase the sales of EVs and OHVs by launching a new subsidy program.

In 2016, the market share of hybrid cars increased from the previous year's 22.2 percent by 8 percentage points. Strong sales of the Toyota Prius, which was fully remodeled at the end of 2015, the hybrid version of the Honda Fit, and the Nissan Note contributed to the yearly gain. Although the market shares of "clean diesel" cars slightly declined from the previous year's 3.60 percent to 3.46 percent in 2016, the government decided to extend its tax exemption program for eco-friendly cars to meet the goal of 5 percent of the share by 2030.

There are issues for the diffusion of EVs and PHVs. Although the cruising range of the Nissan Leaf EV extends to 280 kilometers per single battery charge, it shortens in the winter season. As for PHVs, which are often introduced from imported brands, consumers are not familiar with the driving feature. However, Toyota pushes the new Prius PHV as the "favorite" in the eco-friendly vehicle sales race towards the future. The company's chairman Takeshi Uchiyamada unveiled plans to expand PHV versions to a wider range of Toyota model lineups.

In order to encourage sales of EVs and PHVs, METI is planning to revise its subsidy program in May, thereby installing more battery

chargers, even in locations like apartment buildings. It will also provide a leaflet titled "PHV battery charging in workplaces." (*Daily Automotive News, March 15 issue*)

The 3rd report of the Auto Recycling Summit / Daily Automotive News

Groups seeking to overcome difficulties

The business environment of the auto recycling industry is becoming increasingly severe due to the declining number of ELVs, high purchasing costs, steel scrap price fall, and transport cost hikes. How does each recycler group work with these difficulties? Voices from group leaders might leave strong feelings toward business continuity and expansion.

NGP Group's President Yukio Sato hinted at the economy of scale, by saying: "Jointly shipping containers overseas is a good example. In our region, member recyclers jointly export parts overseas using common containers." The group is also planning to build a joint system to collect steel scraps and other materials. Chiyoshi Tsubo, Chairman of the East Japan Automobile Dismantling Union said, "We are asking wholesalers to purchase our materials based on the same unit price regardless of the unit volume per trade."

Hideyuki Doi, President of System Auto Parts, eyes a potential increase in the import brand vehicles, saying: "we did not take that field on because we are not good at handling such vehicles. From now on, we will share the necessary information to support sales increases."

Some groups focus on human resources development. Atsushi Hattori, President of Big Wave Inc. said: "it will be important for us to raise the satisfaction levels of employees in addition to customers. We will provide a system in which employees work happily." Tsuyoshi Ishigami, President of Total Car Recycle Group said, "our group is always pursuing a group identity and actively promoting personnel exchange jointly through cooperation with other



Sharing each group's thoughts might lead to solutions for industrial issues

groups." Japan Parts Association's President Ichiji Hayamkawa stressed: "we must make our recycling industry attractive by strengthening educational training so that capable personnel do not move to other fields."

Total Ecology Car Life Service Network is promoting system utilization for increasing parts sales. President Masayuki Harigaya advised companies to, "not rely on a single network. We are actively involved in cooperation with online auctions." Shojiro Hatomura, President of Buyukai Corporation and Sosho Kitajima, President of JARA Corporation pointed out the necessity of operational improvement. "You need to review every day operations in front of you," said Hatomura. "It's important to reduce operation steps. We are involved in improving today's operations by using automated systems and visualization methods," said Kitajima.

Automotive Recyclers Network focuses on cost reduction. President Takanori Okada said, "until now, we made packaging and shipping by ourselves for external new parts. Now, we let the transport company do such works."

SSG is eyeing the next-generation vehicles. President Hiroshi Kudo said, "we are considering the creation of methods for parts checking and distribution for the next-generation vehicles such as electric and fuel cell vehicles." Masaki Miyamoto, President of Japan Truck Refine Parts Association said: "there are four categories of truck parts: genuine, recommended, rebuilt and used. We need to make the logistics industry aware of the used parts."

Japan Automotive Parts Recyclers Association is seeking ties with other groups. Chairman Hiroyuki Kurihara said, "we will work hand-in-hand with the Japan ELV Recyclers Association (JAERA)." Yasuo Sakai, JAERA Chairman, pointed out, "from our viewpoint as a government relations desk, things will not go forward if talks are done only inside the industry. It is necessary for us to send messages about how to tackle auto recycling on a wider scope, including carmakers and parts and materials businesses."

Meanwhile, Norihiko Kondo, President of ReUse Motorization Alliance, emphasized the necessity for reforming the current mindset. "You don't blame the bad market. There's a new direction if you change the focus towards resolving environmental problems." (*Daily Automotive News, Feb. 26 issue*)

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