



JARA NEWS

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JARA Group announces its business policy for FY2018 focusing on further expansion of parts distribution and sales

Japan Automotive Recyclers Alliance (JARA) Group recently adopted “expansion of parts distribution,” and a “group-wide sales increase” as key foci in this business policy beginning in fiscal year 2018 and ending in March 2019. The latter of the two goals was implemented and led by the new JARA Group chairman, Yukiyoishi Domon.

The business policy was announced in JARA Group’s 4th General Meeting. The group also announced its slogan of “Be in the same boat”. Domon emphasized that “we want to share the same business mind to raise our capability”.

In FY2018, the group will establish a new committee in four areas as follows: front-desk, parts production, exports, and materials recycling. The purpose of the move is to increase the whole value of recycled parts and materials derived from an end-of-life-vehicle (ELV), thereby increasing sales and profit. The new committees also reflect group members’ voices with goals such as “want to strengthen specific division,” and “want to share our strengths with other members.”

Under the new business policy, the group will also facilitate activities in its seven departments. In the block department, the

group will further assist the committee activities and increase memberships. In the education department, as part of skill development focusing on an automobile’s advanced technologies, it will conduct basic workshops for scan tools and diagnostic workshops for hybrid cars. In the quality control department, it will establish JARA Quality Standards through the review of work related to the packaging quality of recycled parts that meet customers’ requirements for them with peace of mind. It will also make an effort to reduce work processes.

In the system department, it will promote artificial intelligence (AI)-compatible system improvement, system creation for genuine parts retrieval, as well as front-desk work assistance. In the general affairs department, it will accelerate public relations activities for end users through the use of Facebook. In the next-generation department, the group will host factory tours and seminars. Finally, the newly created planning and liaison department will be involved in the sales and promotional activities for rebuilt parts in addition to recycled parts. (*Daily Automotive News, March 22 issue*)

Toyota Tsusho joins a project utilizing ELV-derived resin

Toyota Tsusho Corporation announced that it entered a verification project jointly with resin reclamation and processing specialist ISONO Co., Ltd., regarding the recycling of resin taken from ELVs. The three-year project runs from fiscal year 2017 to 2019: the planning stage was underway in January 2018. Beginning in March 2018, resin parts will be collected from ELVs to verify the extent of their deterioration. If recycled resin is available in the amount desired, it could help reduce the burden of car users who must pay a recycling fee.

The project is a consignment business from the Japan Foundation for Advanced Auto Recycling.

Regarding parts used in the cars, steel,

Daiko Corporation President Yukiyoishi Domon takes the post of JARA Group Chairman



JARA Group held its 4th General Meeting in Nagoya city on March 9 and appointed Mr. Yukiyoishi Domon as its new chairman. The current chairman, Yuji Imai, will serve as an adviser. Domon said, “We want to share the same business mind to raise our capability”. He also chose the group’s new slogan, which is “Be in the same boat”.

A total of 56 companies and total 73 JARA members attended the general meeting. A report on the FY2017 financial results and activities was announced to the attendees. Business plans and the budget for FY2018 were also examined and subsequently approved. (*Daily Automotive News, March 13 issue*)

aluminum, and tires are mostly reused. In contrast, the cost of recycling resin is high because of deterioration. Therefore, most resin is burned and used as energy.

In the verification project, Toyota Tsusho collects data from approximately 1,000 dismantled ELVs, which are recycled by partner dismantlers in the Chubu Region. The target parts are selected by the carmaker. Toyota Tsusho and ISONO will verify the extent of deterioration of resin taken from ELVs and analyze the derived data. Yano Research Institute will participate in compiling the report. (*Daily Automotive News, March 1 issue*)

CO₂ Reduction Effect

(based on JARA System)

The use of Reuse Parts saved
2,264 tons of CO₂ emissions
in February 2018

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.



Ms. Nakanishi is fitted with HAL during packaging work. Even female workers can easily transport heavy goods.

JARA requires a robot suit as a safe working measure

A robot suit has been recommended by JARA Corporation as a measure for preventing industrial accidents and encouraging occupational safety and health. The robot suit was developed by Cyberdyne Inc. to reduce the physical burden on workers for recycled parts production and product packaging. Cyberdyne makes robots for the medical equipment field. Currently, JARA Corporation promotes Cyberdyne's "HAL (hybrid Assist Limb) Lumber Type for Labour Support" to recyclers. HAL was previously introduced to Kawashima Co., Ltd., as a test project.



President Junichiro Kawashima Co., Ltd.:
"We cannot survive unless we provide an employee-friendly workplace."

The company's president, Junichiro Kawashima, gave the reason for introducing the robot suit: "We want to sweep away negative images (hard work, dirty workplace, and danger) of our automotive recycling businesses so as to improve the working environment and attract more youth and female employees."

In the production of recycled parts, workers transport various types of heavy goods inside the factory. Many suffer from lumbago. Moreover, workers tend to become deconditioned because of the temperature conditions in the large factory. To reduce the burden on employees, JARA Corporation is actively promoting the HAL to its member recyclers.

It is the first time for HAL to be used in the automotive recycling scene, though it is used widely in logistics, airports, construction sites, and factories. In January of this year, Kawashima Co. introduced HAL to its workforce. A female worker, Shoko Nakanishi, wears the robot suit during packaging activities. Nakanishi observed, "The



Kawashima Co., Ltd.'s factory uses HAL

fatigue is not felt the next day." HAL's sensor detects the potential biological signal that is transmitted from the brain and assists with the worker's behavior and intentions. This action may reduce the risk of developing lumbago.

President Kawashima is optimistic about the robot suit: "It can be used in every work process, and is not limited to packaging."

The support rate for HAL is 40 percent maximum. It works for three hours at the most. "I don't mind the weight during work," said Nakanishi about the three-kilogram robot suit.

President Kawashima said, "In order to survive in the recycling business, we need to invest in human resources." He added, "Customer satisfaction will not improve unless employees' satisfaction is raised." (*Daily Automotive News, March 1 issue*)

A SPRINGBOARD FOR THE 2018 JAPANESE DOMESTIC MARKET

Interview with industry leaders

Yasuo Sakai
President of Japan ELV
Recyclers Association

The move toward a complete merger between the Japan ELV Recyclers Association (JAERA) and Japan Automotive Parts Recyclers Association (JAPRA) is steadily moving forward. Although the market is now in the midst of an upward trend, recyclers are still facing an unpredictable situation because the generation of end-of-life-vehicles (ELVs) is expected to decline in a mid- to long-term timeframe. Organizational changes inside the automotive recycling industry would need to become more active to revitalize the industry.

Q: How do you see the current market status?

Sakai: Last year, recyclers as a whole have run on an upward trend, thanks to recovered scrap steel prices and stable acceptance of ELVs. However, the business performance of each company is different. In the mid-term

projection, risks increased last year due to the technological advancement of automobiles, including electrified vehicles. Various new technologies and IT-oriented advancements are progressing one day at a time. Until now, carmakers made cars, dealers sold the cars, and then our recyclers dismantled the cars. From now on, newcomers from other industries will enter the automotive industry to work with electrified vehicles: therefore existing work processes will change drastically. I felt crisis our business would have vanished 10 years later if we stay in our comfort zone.

Q.: How recyclers should cope with the risks.

Sakai: Our work is handling things after today's car becomes ELV. Roughly put, it will be 15 years later. For that situation, our sensitivity should not be dull so much. We should not fear that situation either. To ensure our ability to make a balanced in the future, we need to think in an interdisciplinary ways and not depend on biased information.

Q: Your association saw the final agreement for a merger with the Japan Automotive Parts Recyclers Association (JAPRA)

Sakai: Changes in the business

environment are not the only reasons for our merger talks. Our organization, JAERA, is a group of automobile dismantlers, whereas JAPRA is a group of recycled parts makers and distributors. It is not productive for the industry for two recycler groups to simply collaborate. A single association in the recycling industry is the least we can do to collect necessary information and analyze to send it. Soon, we will review the fundamentals of the organizational structure.



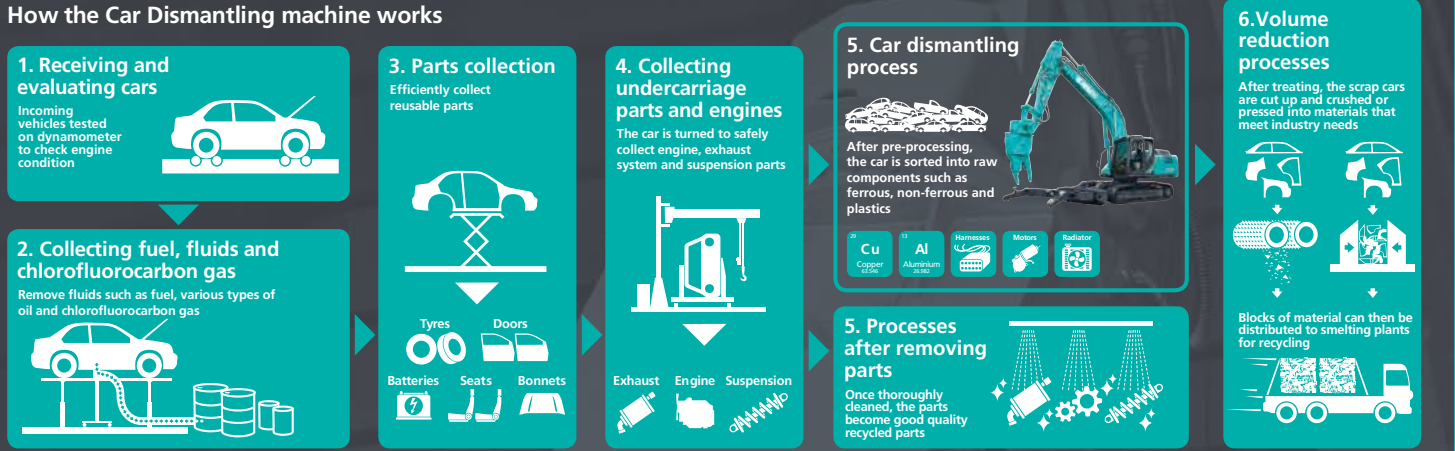
Q: Will change in the business environmental help the merger?

Sakai: Things are becoming tough for handling by an individual recycling company, as the powertrains and materials of cars are advancing rapidly. The merger goes along with the development of next-generation technologies. As an industry group, we need to invite all licensed recyclers to the new association to respond to the needs of society. The appearance of next-generation vehicles is a sign of the times, whereas the appropriate processing of ELVs reflects the needs of society. We should build a structure to respond to these needs.



Dismantling process flow chart

How the Car Dismantling machine works



The Evolution of car dismantling industry by Kobelco

Four times* the vehicle dismantling capability compared with hand dismantling.

*In one day (Kobelco test figures)

15 vehicles >
One operative working by hand.

60 vehicles >
One operative in a Kobelco Car Dismantling machine.

Engine, Catalytic Agents, Body Steel, Seats, Windows, Wheels/Tyres, Suspension, Radiator, Brakes, Front & Rear Bumpers, Transmission, Doors, Harnesses

The machine's special attachment is designed to strip materials from End-of-Life Vehicles (ELV) safely and thoroughly

Improved recovery rate of rare earth metals

| | | | | |
|------------|----------------|--------------|----------------|-----------------|
| Fe Iron | Al Aluminum | Cu Copper | Pt Platinum | Pd Palladium |
|------------|----------------|--------------|----------------|-----------------|

Separation of these valuable materials is quicker and easier and can be performed with one Kobelco machine.



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