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Japan Automotive Recyclers Alliance

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Tokyo Head Office: Shinwa Bldg. 1-2-2-7F

Nihonbashi, Chuo-ku, Tokyo, JAPAN 103-0027

Phone: +81 3 3548 3010 / Fax: +81 3 3231 4690



Kubota Auto Parts strengthens social contribution activities

Miyazaki Prefecture-based Kubota Auto Parts Co. is actively involved in the business of dismantling end-of-life vehicles and producing recycled parts on its 36,400 square-meter site. The company is strengthening acquisition of ELVs and, with an understanding that—in other words of company President Yasunori Kubota—“Living together with the local community and social contribution are also essential”, is engaging in various activities. Three years ago, the company began holding a big annual event called, “Automobile Recycling Festival”, in which it opens its plant to the public. Many people, mostly coming in families, attend the event, which helps raise the company’s presence in the local community.

120 signboards set up within a 10km radius

Kubota Auto Parts was established by former President Shigeru Kubota in 1975

as Kubota Car Dismantling. After gradually increasing its vehicle dismantling volume and expanding its business, it incorporated in 1991. With an eye toward the enforcement of the Automobile Recycling Law, it relocated to Hosoe, Miyazaki City, in 2001. With the development of adjacent land plots in 2005 and 2011, the company’s site has expanded to 364,400 square meters.

Having updated its facilities, the company turned to active promotional efforts. It placed a total of 120 signboards—including those that show the distance to the company—within a 10km radius, making it easier for drivers and others to visit the company. It also launched advertising on television and in local newspapers. As a result, the awareness of Kubota Auto Parts has been steadily increasing.

In addition, it operates a plant visit program for schoolchildren in response to a request from local elementary schools, which sought to make the company’s plant a field trip destination. With the program, which operates from May through November, being more popular than expected, the company has had to limit the number of schools visiting to approximately seven per month.

Festival and attractions for the public

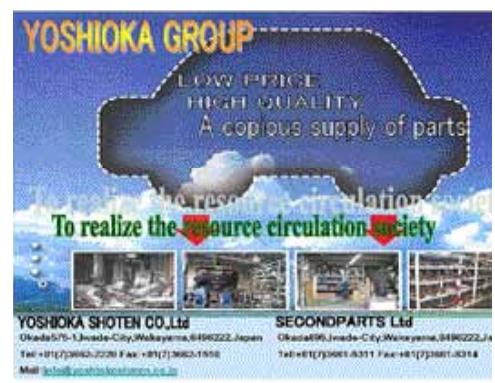
To better communicate to the local community what the company does, it decided to hold a car recycling festival. In addition to an automobile recycling plant observation tour, the festival features a car dismantling demonstration using nibbler machine. An “Exchange Bazaar”, where visitors can swap used toys, various stalls and other festival-day attractions provide fun for the whole family.

Festival leads to rise in directly purchased ELVs

The 4th Automobile Recycling Festival was held on Sunday, August 3. The festival is held regularly to make it a constant in the company’s social contribution to the local community. “Inviting as many people as possible to the festival will help improve our company’s image,” explains the president. Also, the festival atmosphere has greatly increased communication within the company.

Such promotional efforts are favorably impacting the company’s business. The number of ELVs purchased directly from vehicle owners in the general public is increasing, with approximately 30 percent of the now approximately 700 ELVs acquired from individuals.

The company will continue to strengthen its ELV acquisition, including that involving vehicles sourced directly from individual vehicle owners. The recycler also aims to strengthen its corporate culture by focusing on personnel development. (*Daily Automotive News*, July 24 issue)



Sankei Shokai launches "Kizuna Project" to support Iwate auto service and repair businesses suffering from disaster

Automobile recycling company Sankei Shokai Co. started on Aug. 1 the year-long "Iwate Prefectural Repair Factory Disaster Recovery Support 'Kizuna' Project" to help automobile repair businesses in Iwate Prefecture that suffered from the Great East Japan Earthquake in 2011. This is the second time for Sankei Shokai to conduct the project, which was first conducted in 2012. The company decided to initiate the project again, because post-disaster reconstruction is lagging, especially in the Iwate's coastal area.

To support repair businesses in such areas for one year, the company will coordinate donations to the Iwate Prefectural Repair Factory Development Association (IRFDA) based on a portion of proceeds from sales in Iwate, Aomori and Akita prefectures of rebuilt

parts and of new parts made by participating companies.

The "Kizuna Project", in which 21 rebuilt parts manufacturers and new parts wholesalers are participating, is scheduled to run through July 31, 2015. Two external auditors will check and make report on the flow of the donations, which will be made to four hard-hit branches of the prefectural association: Ofunato, Kamaishi, Miyako and Kuji.

On July 25, Sankei Shokai Managing Director Taisuke Konno, chief leader of the project, and Morioka Branch Manager Tetsuya Morinaga, sub-leader, visited the Iwate Repair Factory Development Association and explained the outline of the year-long project.

Association Managing Director Fumio Suzuki expressed his appreciation by saying, "It will greatly strengthen reconstruction and business operations toward the future." Konno said, "We appreciate all manufacturers and wholesalers that agreed to our proposal."

In the wake of the tsunami disaster, 90 repair factories were found to be damaged among IRFDA members. Of those, 41 factories are back to full-scale operations, while 24 resumed operations using tentative facilities. Nine factories are still



suspending operations and 16 were forced to close permanently. Sankei, jointly with its partner parts manufacturers and wholesalers, aims to accelerate reconstruction in the coastal area.

Companies supporting the project are listed below.

Rebuilt Parts Manufacturers: Urawa Industry Division of Matsui Universal Joint Corp., ATM Co, AT Service Tohoku, KSS, Koyo Carburetor, Japan Rebuilt Co., Shin-Etsu Denso Co., Diesel Seiki Co., Nagao Techno K.K., Nihon Diesel Corp., BRE Kanto, Fuji-Linkage, Inc., Plus One, TAS Corp., Repeat Co., Rebuilt Parts Kanto, Links Japan Co., Watanabe Motors Co.

New Parts Wholesalers: SB Shokai Co., Iwaki Radiator Co., Soars Japan Ltd. (Daily Automotive News, Aug. 1 issue)

Demand for recycled parts increase as vehicles age Repair cost hike also positive factor

The average service life of vehicles has been extending in recent years. In 2013, it stood at roughly 14 years. Vehicles in use are also increasing, while older vehicles are accounting for more of such year by year. Vehicles in need of repair are, thus, expected to increase.

Also, as insurance premiums increases, car owners are opting to have repairs done without using their insurance, meaning that the demand for self-funded car repairs is steadily increasing.

Repair businesses are creating new ideas to attract users. Some have begun to provide two estimates—one for repair costs using new parts and one for repair costs using recycled parts. Positive factors for the diffusion of recycled parts seem to be appearing in the market.

Still-rising transport costs

Nevertheless, there are issues. Buoyed by a weaker yen, used vehicle exports began to increase. Recyclers are expressing concerns about "even older vehicles are going to overseas". Competition in acquiring vehicles among recyclers has intensified.

To make matters worse, the cost of transporting recycled parts is increasing, putting pressure on recyclers. With economic recovery, transport companies now need to transport more goods, but are suffering from a shortage of drivers, after having reduced their workforces due to the previous severe economic slowdown. The situation has translated into higher transport costs, which are being buoyed further by rising fuel prices due to the worsened situation in the Middle East. Thus, recyclers, which frequently use transport services, are facing hard conditions. In addition, with the public's interest in safety issue ever heightening, it is becoming difficult to continue using

hitherto methods of packaging parts. And recyclers now have to find solutions to meet transport companies' request to adopt packaging that mitigates damage to other transported goods.

To address these issues, the "Automobile Recycled Parts Logistics Study Association" was established by recycler groups and transport companies. The association serves as a platform for exchanging opinions and ideas, and is now moving toward obtaining concrete results from efforts to develop common packaging specifications and joint transport routes. Each recycler group is starting to consider the development of more efficient ways of packaging and it seems that an increase in activities related to logistics are also about to get underway.

First, accurate information

In order to promote the use of recycled parts, the focus should be on the customer. Service and repair businesses, who are users of recycled parts, are calling on the distribution industry to not only consider parts producers, but the convenience of parts users, as well.

JARA has been conducting factory visit in each block, in which member recyclers go to major repair shops. "Seeing how recycled parts are used in the shops will change our own perspective on parts production," said a JARA person in charge, adding that recyclers and repair staff can "achieve coordination between both sides" by exchanging opinions on the spot. To understand the viewpoint of repair businesses, who are the users, is important for recyclers for improving quality. Also, more recycler groups are conducting seminars and workshops that focusing on the user's viewpoint. At these gatherings, discussions center on such issues as how to take photos of recycled parts. The automotive recycling industry is drastically changing in line with changes in the business environment. Recyclers are required to not only think about the direction in which they want to take their business, but also to accurately grasp information. (Daily Automotive News, Aug. 25 issue)

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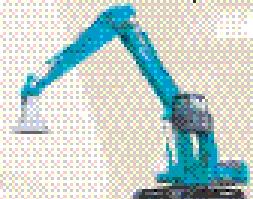
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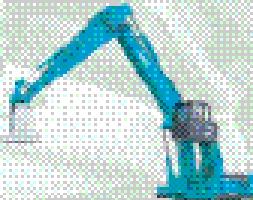
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