

SPN NEWS

JAPAN AUTOMOBILE RECYCLE NETWORK NEWS

Vol.69 NOVEMBER 2013 http://www.spn-partner.com

Published by SPN Co., Ltd.
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"Fierce competition to come"

Interview with SPN Co. President Sosho Kitajima

SPN Co., which is seen as the center of the BEST Recyclers Alliance, has been aggressively taking measures and predicting the future under the changing conditions of the industry. Daily Automotive News (DAN) interviewed the company president Sosho Kitajima, who is an expert in the international stages and in logical analysis of the market.

DAN: How do you see today's recycling industry as a whole?

Kitajima: It is the time that new things are getting to roll out. Our business consists of three areas: the domestic parts sales, exports, and material sales. The proportion of these three areas in each company will change. Since the industry-wide number of stored end-of-life-vehicles at recyclers' sites is declining, you will see much more fierce competition among recyclers.

DAN: What about the sales of recycled parts?

Kitajima: Luckily SPN Co. is enjoying a steady growth in the sales. For this fiscal year, group sales increased 4.9 percent on the year and the transactions through our system grew 9 percent. The stored ELVs are also rising from a year ago, up 2.6 percent so far.

DAN: What is the factor for the increasing stored ELVs?

Kitajima: Our members are fighting hard in each region. That's the primary factor. They have been taking proactive actions to get more



ELVs. The number of stored ELVs, however, means only the vehicles, from which recycled parts will be taken. It doesn't include the vehicles for scrapping.

DAN: Most recyclers are struggling to bring ELVs to their sites. What are your

thoughts about the background?

Kitajima: It is due to pre-consumption over demand expected in the wake of the launch of government subsidy program for purchases of eco-friendly cars. Another factor is a change in car handlings at insurers. They began to apply various ways for car handling.

DAN: Could you say that another way?

Kitajima: The distribution of vehicles released from insurance firms has been changing from the before. For example, recently they began to bring some vehicles to the auctions, or gather many vehicles to the firm to control vehicle data, and then sell such vehicles.

DAN: Do you think that the move is to expand further?

Kitajima: I think it will accelerate. But that move must accelerate the cost hike and shortage of "cores" at recyclers.

DAN: Any countermeasures for the issue?

Kitajima: We are working hard to become a liaison with insurers and leasing firms. We are also setting up connections thereby contacting with external network. Now we saw some results but there is a room for improvement. Anyway it is the most challenging part. As you know, our customers are car repair shops. We are now trying to review our relationships with them. The system development is an on-going project of us,

thereby offering estimates of vehicle repairs as quickly as possible.

DAN: How do you see the future of parts sales business?

Kitajima: Business environment will be better than before thanks partly to revised insurance premium rates. But the parts supply capability is a question. That means the problems with the procurement of ELVs to be dismantled and recycled. You cannot remanufacture used parts if you were unable to get ELVs. It is a key for recyclers to maintain proper linkage between demand and supply.

DAN: Please pick up an achievement from the BEST activities.

Kitajima: First of all, five groups were united into one and thus information sharing progressed across the country from the north to the south. Member firms are able to complement each other by showing their strengths in a certain business area. Joint seminars are often held and helped staff of each group makes their close contacts with each other. That is a good move. Lately, they went to a joint procurement, as well as the sharing in price revisions and information exchange. From this year, the ARN group joined our system partnership and the sales through the GateWay are increasing. We hope to further improve the business efficiency through the system.

DAN: What about the measures for changes due to increasing hybrid vehicles?

Kitajima: Car owners are becoming easier to go to car dealers. It is a big change. It is the most important point for us, jointly with car repair factories and body repair shops, to sweep away owners' concerns of new technologies. We need to absorb such changes coming from the advanced car technologies as the information and share them in the BEST alliance. *Daily Automotive News October 17 issue*>

SPN holds owners meeting in Kushiro

SPN Group's owners meeting of Hokkaido and Tohoku region was taken place on October 4-5 in Kushiro city, Hokkaido. A total of 16 owners attended the 2-day meeting held at Takahashi Shoukai Co.'s office building. It was the first such meeting to be held in Kushiro city. Attended owners eagerly discussed about their efforts towards the cost savings and quality con-

Rebuiltinging

trol.

Takahashi Shoukai's President Satoshi Takahashi introduced his company's local community-oriented efforts, including a factory visit arranged for elementary school students in the community. A unique snow-melt utility system of the company was also introduced. Kushiro area features heavy snow fall in the winter season. So the company stores the thawed snow water (snow-melt) in a tank at the site and then uses the water for washing compressors of the factory. A new packaging method for a fender,

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as one solution for cost saving efforts of Takahashi Shoukai, was also unveiled at the owners meeting. < Daily Automotive News October 10 issue>







Recycled auto parts makers to form united scheme

"Logistics Research Association" to be established

Producers and sellers of the recycled auto part, including the BEST Recyclers Alliance, are going to set up the "Recycled Auto Parts Logistics Research Association, or Logi-ken for short," in order to deepen cooperative ties with each other in the logistics area. On September 19, they held a preparatory meeting for the establishment of the research association and adopted the resolution. They had so far discussed about logistics cost savings

through the "Recycling Industry Logistics Meetings" which they formed. From now on, they will form a new organization to set up a united scheme for logistics, including a standardization of packaging materials, and complication of packaging manual.

Attended firms on the preparatory meeting included the Big Wave, EcoLine, SPN, ARN and NGP. So far, they had held a total of seven meetings, or once in every two months, to discuss issues for the logistics area. The primary topic was each firm's efforts towards the cost savings in the logistics area.

From now on they will step up their efforts through the *Logi-ken* to facilitate the

standardization. Different sizes of packaging materials, which are used by each firm, are expected to be united, while a guide book to packaging will be compiled.

The preparatory meeting members agreed on the resolution. The main points are 1) they will use common packaging methods for recycled parts transport and compile a manual, 2) promote to secure the average quality in transport and take out transport insurance, and 3) a signing and conclusion of a declaration for the "Cooperation during a Severe Disaster."

As the first step for the manual complication, they decided to examine packaging specifications for the most difficult door. Each member will take video recording of the packaging process using a front door on the left side of the Toyota Crown model code 170 series. Examination on the results will be finalized by November.

On the other hand, trial use of returnable materials for packaging, which is already used by NGP members, was approved in the meeting. The meeting members also discussed about the holdings of packaging competitions across the groups. *<Daily Automotive News September 26 issue>*

ODAIBA OLD CAR FESTIVAL!

Demonstration of recycled parts installation on display

Four SPN Group firms, including SPN Co., exhibited their products at an exhibition of old cars held in Odaiba, Tokyo. During the Odaiba Old Car Festival or "Odaiba Kyusha Tengoku" in Japanese held on October 4, SPN group firms showcased their recycled parts and sell them to visitors, while presenting a demonstration program to show how to install such parts on the vehicle.

A total of 500 old cars, which were arranged by around 80 exhibitors, gathered at the Sunday event. Auto parts and car accessories were also on display.



SPN Group exhibitors were SPN Co., Reco Japan, "aru aru ya" from Iwama Works Co., and Three R Nagano Co. Their exhibits include recycled parts, anti-rust treatments, and accessories. Showa Metal Co. and Kentex Co. provided supports to the demonstration program. *<Daily Automotive News October 10 issue>*

SPN hosts factory tour to Japan Rebuilt Co., Sakai, Osaka

Regular staff training of Tohoku, Hokkaido region

SPN Co. conducted its regular Staff Training course for the Hokkaido- and Tohoku-based member firms on October 11-12 at the leading rebuilt parts maker Japan Rebuilt Co.'s site, located in Sakai city, Osaka Prefecture. The 2-day course was attended by 13 persons. The participants visited the company's Kodai Factory and Kishiwada Factory.

In the first day, they had an opportunity to learn the production process at the Kodai Factory, where drive shafts and automatic transmissions are remanufactured, and then joined a lecture program held at a meeting room of the company.

In the second day, they visited the Kishiwada Factory, where engines, starters and alternators are produced, and then went to the compressor factory.

Participants were deeply impressed with the manufacturing scene at the leading rebuilt parts maker, saying "Even electronic controls are checked perfectly. That's really reliable!" *Daily Automotive News October* 17 issue>





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