

KAIHO SANGYO NEWS LETTER



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Hello everyone. How are you doing?

We are sorry that we couldn't send you this letter sooner in this month.

You might know that we were closed from August 12 till 16.

It is a kind of National Summer Holiday, called "O-BON."

Basically, "O-BON" is to pray for the repose of our ancestor's souls.

We visit their graves with flowers and food.

Do you have any traditional events during your summer holiday?

Your frank comments about this letter, our company, staff or products are always appreciated. Please feel free to contact us anytime! Kana

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ANALYSIS OF THE CURRENT AUTOMOBILE DISMANTLING BUSINESS SITUATION!

One and a-half years have passed since Automobile Recycling Law implemented in 2005, and it is getting very difficult for businesses specializing in scrapping used cars to survive because the excessive competition has been consequently caused by the decrease of the number of ELV (End of Life Vehicle), the increase of new entry into the market, and the improvement of processing capability by expansion of facilities among existing companies. Under this situation, the price of steel and non-ferrous scrap stays high and we are facing the new stage of those metal resources. Therefore, the market price-conscious management will be required more than ever to succeed through the competition. Today, we are going to talk about current situation of automobile dismantling business and examine 'the value of ELV as scrap' estimating sales per 1 unit of ELV.

Let's see prices by materials first.

ELV (End of Life Vehicle) body : JPY14, 000/MT more or less

Strut, Driveshaft : JPY26, 000/MT more or less

Engine : JPY60, 000/MT more or less

Starter, Dynamo, Compressor etc : JPY100/Kg

Catalytic Converter : JPY5, 000/pcs

Manifold : JPY2, 000/pcs

Harness : JPY240/kg

Radiator : JPY180/kg

Battery : JPY15/kg

Alloy Wheel : JPY200/kg

ELV Weight by materials (Kgs)

	Full-size Car	Midsized Car	Light Car
Car Weight	1,600	1,100	650
Strut, Driveshaft	350	150	90
Engine, Transmission	320	280	90
ELV body	750	500	350
Scrap Tire, others	180	170	120

Sales per 1 unit based on Weight List by materials 1 and market prices.

Midsize Car like Corolla, Sunny (1300-11500cc) : JPY40,000

Full-size Car like Crown, Cedric (3000-4000cc) : JPY50,000

Light Car (660cc) JPY25,000

Estimated ELV Sales by materials (JPY)

	Full-size Car	Midsize Car	Light Car
Strut, Driveshaft	9,100	3,900	2,340
Engine, Transmission	19,200	16,800	5,400
ELV body	7,350	4,900	3,430
Flexible Tube	5,000	5,000	5,000
Harness	1,200	1,200	1,200
Starter, Dynamo etc	2,300	2,300	2,300
Alloy Radiator	540	540	540
Battery	150	150	150
Alloy Wheel	5,600	5,600	5,600
Sales Total	50,440	40,390	25,950



← ELV BODY!!

The situation around automobile dismantlers has been changed dramatically after Automobile Recycling Law implemented in 2005.

One of the big changes is increase of purchase price. Automobile mechanic companies and car dealers usually sell ELVs directly to automobile dismantlers, however, recently, they tend to offer ELVs at auctions as Used Cars. It is said that they do this because they can avoid paying Recycling Charge. It is pretty common to offer cars that are as good as ELVs at auctions because it is very difficult to delineate ELVs and Used Cars clearly.

Because of this tendency, automobile dismantlers can get ELVs less and less in their usual ways. Especially for large-scale automobile dismantlers, it is very serious and now they need to purchase Used Cars at auctions. However, this is not a good way to get Used Cars for them. Because it costs about JPY35, 000-40,000 per 1 unit in total for them as some extra expenses such as Recycling Charge and transport cost (about JPY20, 000) are added on an auction price of a car itself (about JPY15, 000-20,000). It is only JPY15, 000 or so if automobile dismantlers purchase ELVs directly from automobile mechanic companies or car dealers. So it is a big loss for automobile dismantlers.

Although selling auto parts is an important source of income for automobile dismantlers, they can sometimes make more money by selling auto parts as scrap thanks to the high market price of metal scrap. For instance, they can earn about JPY20, 000 even if they sell an engine (320kg) as a scrap engine.

THANK YOU FOR READING! SEE YOU IN SEPTEMBER!