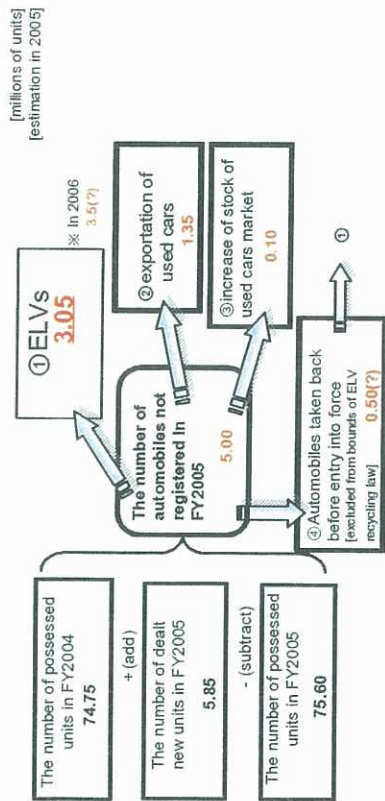


PRESENT STATUS OF ELV RECYCLING IN JAPAN

1. ELV Flow

- ✓ No. of autos recycled under the ELV recycling law has reached 3.05 million units.
- ✓ ELVs are projected to reach 3.5 million units in FY2006. Overall ELV flow will be clear.



2. Rate of Recycling Implementation

- ✓ ASRs and air bags have recycling targets stipulated by the ELV recycling law.
- ✓ Every company achieved its recycling targets in FY2005 (more than 60%).
- ✓ B.O.P is $\Delta 3.08 \sim 0.025$ (million US\$)

	Recycling rate (%)	Air Bags
ASR		
Target	70 (~ 2015)	85
FY2005	48.0 ~ 70.0	93.0 ~ 94.7
FY2004	49 ~ 69.1	91.6 ~ 100

※ Recycling rate in FY2015 will be 95% on a weigh basis.
95% \leftrightarrow 80% (recycling rate before entry into force) + 20% (ASR) \times 0.7 (recycling target by 2015)

3. Recycling Fees

- ✓ Recycling fees have been deposited steadily with no major problems
- ✓ The total number of deposited ELVs has reached about 76 million units (US\$ 6.1 billion) from entry into force until Feb. 2007
- ✓ Based on Article 75,97 of the ELV recycling law, the recycling fees have been invested to national debt etc. and returned with interest in case of payment.

Description	Cars (M unit)	Value (B USD)	Results	
			balance (B US\$)	ratio (%)
New Registrations	12	1.1	4.3	77
Renewal of registrations	59	4.7	0.5	9
ELVs	5	0.3	0.3	6
TOTAL	76	6.1	0.1	2
			0.04	1
			5.5	100.0

4. Economic Operators

- ✓ 120,000 authorized operators are operational, some of them have invested in expanding their capacities.
- ✓ Competition in the ELV market has been getting to be harder and harder.

Economic Operators (Mar.2006)				
ELV Handling Agents	Fluorocarbons Collectors	Dismantlers	Shredders	TOTAL
88,251	23,450	6,279	1,239	119,219

5. Implementation of Activities to Prevent Illegal Acts

- ✓ Gov. has been carrying out activities to the relevant parties and organizations to secure appropriate competition and to suppress illegal activities.
- ✓ Local authorities have implemented several actions to crack down on illegal and improper acts through on-the-spot inspection.

Measures to Reinforce Implementation

- Prohibition of shifting recycling fees onto others (2004)
- Handling of ELVs before entry into force (2005)
- Clear definition between ELVs and used cars (2005)
- Thoroughgoing compliance with the law at auto auctions (2005)
- Investigation of improper ads on internet, etc. (2006)
- Investigation of dismantlers that haven't reported their disposed ELVs to the information management system (2006)
- Confirmation of manifests of exporting dismantled ELVs (2006)
- Investigation of discrepancy information between manufacturers and manifests (2007)
- Investigation of present status of deregistered automobiles (2007)

6. Improper Storage and Illegal Dumping, Support to Small Islands

- ✓ The number of automobiles illegally dumped or inappropriately dealt with has decreased from 220,000 (2004 Sep.) to 60,000 (2006 Mar.).
- ✓ The two factors shown below shall be considered as evidence;
 - ① As the ELV recycling law has entered into force, ELVs turned out to be indispensable.
 - ② The steel-scrap market has improved.
- ✓ Gov. has started support for transportation of ELVs from small islands and substitute execution up to 80% of that fee. Almost all designated areas have been covered.

	Improper Storage	Illegal Dumping	TOTAL
Sep.2004	195,860	22,499	218,159
Mar.2006	44,203	12,877	57,080

(units)

7. Promulgation For Auto-Users

- ✓ Utilizing ads such as advertising posters in trains, wrapping-buses, at driver learning centers, etc. in FY2006.
- ✓ Gov. and dismantlers have provided leaflets to auto users in order to promote the use of recycled auto-parts.