

**Testimony on Remanufactured Goods Study****By****William C. Gager****President of Automotive Parts Remanufacturers Association**

On behalf of the 900+ members of the Automotive Parts Remanufacturers Association, I thank you for allowing me to comment on your "Remanufactured Goods Study". APRA is an association that was started in October 1941 and is celebrating over 70 years representing the automotive and truck parts remanufacturing industry.

In a study that was completed in the mid 1990's by Professor Bob Lund of Boston University it was estimated that the entire remanufacturing industry was \$52 billion of which motor vehicle parts remanufacturing was about \$35 billion. Here we are in 2012 wondering if the size of our industry is now \$100 billion or more. We look forward to this study providing some answers.

We estimate that there are perhaps 15,000+ companies in the USA that are remanufacturing motor vehicle parts. There are many large companies employing between 100 to over 4,000 people who are remanufacturing a wide variety of motor vehicle parts. There are also thousands of much smaller companies who might employ several people to maybe 20 or so that are performing some sort of remanufacturing on a variety of parts. They may be specializing in auto electrics, engine or transmission remanufacturing on a much smaller scale and doing maybe \$300,000 to \$1,000,000 in annual sales. Many of them may be working on the vehicles as well and performing some diagnostics on today's very complicated vehicles with all their electronic and mechatronic components.

We estimate that the number of people working in motor vehicle parts remanufacturing may be over 350,000. We believe that your completed study could show that the remanufacturing industry employs many more people than that. And, if that is the case it would show that remanufacturing is a real engine for creating jobs.

The US market for remanufactured goods is strong. As people continue to keep their cars longer (now about 10.8 years) their need for repairs and remanufactured components is very strong. Also, the proliferation of part numbers for all sorts of motor vehicle parts, should slow down the growth of what we call "new parts" coming into the US from other parts of the world. It simply will not be economical for them to make these parts, because the market for them is not hundreds of thousands or millions as it used to be 25-30 years ago.

For example, in the 2010 model year there are over 500 new part numbers for alternators and starters. And, if we include heavy duty we are looking at another 500 part numbers for alternators and starters. There are 41 different types of new engines for 2010 models. Over the last 30 years or so every 1 in 6 vehicles has a different transmission. For brake calipers it is 1 in 10 vehicles that have a different caliper.

This will result in more remanufacturing because of the low volume of the high number of different part numbers.

There are no "long runs" in remanufacturing as there is in manufacturing where you are making thousands of one part number.

### Trade...

Trade in remanufactured goods is very important to our economy. People in this industry love making something old work again. So, the need for remanufactured goods is strong particularly when the vehicle is over 5-8 years. You probably can't find a new part to repair that older vehicle no matter how hard you tried. So, in those parts of the world where there are US vehicles, trucks or off road vehicles the need for remanufactured parts is strong.

North America, Europe, and Australia have a mature remanufacturing industry. Remanufacturing has been around for 75 years or more. Now that China and other countries are beginning to see the advantage of remanufacturing, there is another industry that will really prosper as remanufacturing grows worldwide. Namely, those companies that manufacture cleaning equipment, test equipment, measuring equipment and other types of equipment that the remanufacturer needs to operate their business. Most of these companies are in the USA and some are in Europe.

Your study will have an impact on these companies as they strive to develop their own business plans to handle the growth of what we know will be a fast growing market worldwide.

As car populations grow in China, India and other parts of the world, the remanufacturing industry will grow as these countries figure out how to handle repairs of their growing car population. Remanufacturing will be a natural consequence of this development.

About 200 APRA members are outside the USA. We have meetings in other parts of the world where remanufacturers and their suppliers come together to learn from each other and naturally do business with each other. Cores are bought and sold as well as all types of equipment. And, there are also all types of components of finished remanufactured products that are sold.

We know the business is strong and growing or people wouldn't show up at these meetings. We just have no way of knowing how strong the business is or how strong it could be.

We have a related website at [www.reman.org](http://www.reman.org). In 2011 there were 17,694 unique visitors, who visited 23,373 times and viewed 110,256 pages of information about remanufacturing. So, we know there is a great deal of interest in remanufacturing. We believe strongly that "Remanufacturing is the Ultimate Form of Recycling." Back in the mid-1990's we commissioned a book under that same name which is also on our website [www.reman.org](http://www.reman.org).

### Recommendations...

1. Many years ago the Census Bureau gathered statistics on the motor vehicle remanufacturing industry when they used the old "SIC" codes. When they switched, about 10 years ago, to the NAIC codes to keep track of manufactured goods in Canada, the US and Mexico, the statistical reporting on remanufacturing went away.

Our association would support the continuing gathering of remanufacturing industry information by some department within the government.

As an association representing a cross section of small, medium and large companies most of whom are privately held, this information would help most of them do a better job than what they are doing now to determine market size growth opportunities.

2. We also hope that the Commerce Department continues to break down the barriers to trade in remanufactured products. This is very critical to helping our industry grow and prosper in the future. They have done an excellent job in the last 7 years since the G-8 put remanufacturing on their own agenda. I hope the Commerce Department will have the resources to continue this important endeavor.

### Conclusion...

The members of APRA are looking forward to the publication of the Remanufactured Goods Study. We anticipate that it will reveal some very meaningful statistics on the size of the industry and the amount of trade between countries in the global marketplace.

More importantly, we believe this study will help APRA members improve their business plans to avoid mistakes they might have made because they didn't have the right information. We also hope that the study will show new opportunities for more business and growth.