

business climate will result in increased sales. Estimated 1981 shipments under SIC 3551 increased by 3.7% over the previous year, (in terms of 1972 dollars, the base year for measuring purposes) and reversed the downward trend of the previous two years.

Major food manufacturers have continued to consolidate their expertise by product specialization; and mergers and acquisitions have increased. Our research shows clearly that this trend is continuing and that it's results are evident in California. These corporate changes are resulting in the closure of some food processing plants and the construction, re-location, and modernization of other facilities. Realignment has helped to stimulate machinery orders in some segments of the food processing industry, but reduce potential in other segments, as we will show. The U.S. packaging machinery industry generally produces highly technical machinery which does not offer much scope for mass production and fared only reasonably well in domestic markets during 1981.

Leading industry sources predict potential for improved canning machinery and for machinery designed to handle aseptic packaging. Some of the reasons we were quoted for this potential are: Federal regulations governing lead reduction and noise abatement in canning plants are forcing many canning companies to invest in new plant; and, during 1981, the U.S. Food and Drug Administration approved the use of hydrogen peroxide and high temperatures as sterilizing agents in aseptic packaging.