

1 Foreword

This study focusses on meat processing equipment, bakery equipment, fish processing equipment, and equipment to service the growing fast-food restaurant sector. Key players in food service, equipment manufacturing, distribution and trading are identified as are companies working with the leading foreign suppliers. The study also includes information on standards, business practices and trade shows and offers options for approaching the market. The statistical data presented covers the period from 1982 to 1988 with an estimate for 1989.

Data for the study was obtained from interviews with Japanese industry associations, government agencies and companies involved in the industry. Information on internationally competitive Canadian-made products was obtained during interviews with representative Canadian manufacturers. This information was used in discussions concerning the potential for Canadian products.

2 Summary

The Japanese market for meat processing, bakery and fish processing equipment as well as for equipment to service the fast-food sector is an expanding and highly competitive one. Imports of food processing machinery were valued at approximately ¥11.5 billion in 1988.

There are no formal trade barriers. Import duties have been removed and there is compatibility between North American and Japanese standards. More important, there is a willingness in Japan to do business.

Opportunities for North American inspired fast-food franchises are very good and most specialized equipment is imported. One approach is to market the specialized equipment as part of the franchise package or to link in with the introduction of new food products.

The rise in popularity of ham and pork sausage has spawned a significant increase in sales of imported meat processing equipment. Similar growth is expected to follow liberalization of red meat imports, to be completed in 1992.

Imports of meat processing equipment, which represented 15 per cent of the total food processing market, were valued at ¥3 billion in 1988. Significantly, up to 60 per cent of industrial-scale equipment was imported, largely from Western Europe. North America accounted for ¥0.7 billion of imports.

The stability of the baked goods market coupled with the general trend toward convenience and western-style foods and the wide variety of retail outlets provides good opportunities for bakery equipment sales.

Imports of bakery equipment rose 31 per cent between 1987 and 1988 to reach ¥3.7 billion. North America's share of the market, which is dominated by products from Western Europe, was ¥0.4 billion.

Fish-based processing is limited almost exclusively to Japanese-type foods. These have been developed locally along with the equipment and, therefore, there are virtually no imports.

To be competitive in the Japanese market, Canadian-made food processing equipment must be multi-functional, user-friendly, quiet, compact and reliable.

Given the dominance of Western Europe imports, priority should be given to products that are competitive with or superior to those available in Europe.

3 Food Processing Machinery

General

Japanese food processing machinery manufacturers currently serve a domestic food industry valued at over ¥30 000 billion in shipment terms. The food processing machinery industry is valued at close to ¥340 billion, and represents approximately 1 per cent of the food industry.

The current strength of the yen and increased capital investment have influenced the overall market for food processing machinery. One of the most significant results of the strong yen has been stepped-up processed food imports. In most cases, imports are considered to be more economical than domestic processing of raw materials.