

Chubu is the nucleus of the advanced ceramics business in Japan, with a remarkable 77 per cent share of the market. Aichi prefecture is home to about half the Japanese firms in the sector and enjoys a proportionate number of sales.

The Noritake group has been the catalyst for much of the activity in the field. The firm set up its insulator division in 1919 and now counts among its spin-offs companies such as Toto, Inax, NGK and NTK. Nagoya has capitalized on the region's leading role in the ceramics industry by establishing the Japan Fine Ceramics Centre and by hosting the Fine Ceramics Fair every year.

The Tokai region has also become the core of Japan's machine tool industry, often considered a leading indicator of economic health since demand for the industry's products is directly related to industry capital investment. Industry leaders such as Toyoda Machine Works, Yamazaki Mazak Corporation and Okuma Machinery Works are part of Tokai's machine tool sector, which exports about 50 per cent of its production.

Buoyed by domestic demand, the industry is currently flourishing, in part because of the labour crunch. Machine tools help customers boost productivity while cutting down on labour requirements. Much of the customer base is in the machinery and automotive subcontracting industry, where increased productivity also means lower production costs to combat the high yen.

Nagoya is also an important centre for a wide range of machinery manufacture, much of which is carried out by small and medium-sized private businesses. Woodworking machinery production, for example, figures prominently in the industry, with almost 60 per cent of total Japanese production located in the Tokai region. Other machinery sectors concentrated in the Tokai region include textile, air-conditioning (AC) and press equipment, and AC motors.

Nagoya's industrial expansion overseas in a number of sectors has already been noted. This trend is growing; according to a survey carried out in 1987, 176 companies, including 123 manufacturers, had established 705 overseas facilities. A further 63 companies, including 44 manufacturers, were planning on investing in overseas facilities at that time, a figure that is likely to have increased since then.

While these Nagoya companies have been expanding, primarily to Asia and the U.S., a steady stream of foreign firms has been moving into the region. In manufacturing, the Tokai region is second only to the Kanto district in the number of factories involving 100 per cent foreign ownership or over 50 per cent joint venture tie-ups (see Table 5).

Retail and Distribution

Wholesaling in Tokai in 1988 amounted to ¥49.3 trillion, or 11.1 per cent of the national total; retail sales reached ¥9.97 trillion, an 8.7 per cent share.

Several large department stores and supermarkets, such as Meitetsu, Matsuzakaya, Maruei and UNY, have headquarters in the Nagoya region. Tokyo-based stores have only recently begun to make inroads in the area.

Large retailers in Tokai are a valuable target for Canadian producers of consumer goods, because of their propensity to import and their continuing growth. The region, together with other areas of Japan, is moving toward fewer small distributors and retailers. The large-scale retail operations have been showing a fairly consistent 7 per cent annual sales growth, although their share of national sales has been relatively low at about 8 per cent.

The retail market in Nagoya includes eight department stores with about 160 per cent more total floor space than the city's 34 self-serve stores, and with more than double their total sales in 1989 (¥424.6 billion versus ¥152.4 billion). Department store sales involved mainly hard goods, while self-serve sales consisted largely of food items. Between 1978 and 1988, the number of department stores increased by 33.3 per cent and self-serve outlets by 17.2 per cent, while the number of smaller retailers declined by 7.6 per cent.

Nagoya price levels are slightly higher than those in the rest of the country. In January 1990, the national consumer price index registered 104.6, whereas in Nagoya it was 105.4. This was in part because income levels are somewhat higher in Tokai, but also because the retail-distribution system is not as advanced as elsewhere. In 1989 there were over 82 000 retailers and about 30 000 wholesalers operating in Aichi prefecture.