

Jaocs News Feature

The present and future of the Japanese crushing industry¹

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The Japanese oilseed crushing capacity is ca. 4,500,000 tons per year, and at present this is above the demand. About 90% of the oilseed crushing for domestic needs is done in Japan, in contrast to only 25-70% for other major importing countries.

Japan is at present crushing 4,500,000 metric tons of various oil-bearing seeds including soybeans, rapeseeds and others. Data for 1970 crushings for various countries are shown in Table I. Based upon these

TABLE I
1970 Crushings for
Oil-Bearing Seeds

| Country | Amount crushed, metric tons |
|-----------------|-----------------------------|
| U.S. | 24,800,000 |
| Japan | 4,300,000 |
| West Germany | 2,700,000 |
| Argentina | 2,300,000 |
| Italy | 1,600,000 |
| Spain | 1,500,000 |
| The Netherlands | 1,400,000 |
| France | 1,300,000 |
| Canada | 900,000 |
| England | 550,000 |
| Belgium | 400,000 |

figures, Japan is the second largest oil-crushing country. The crushing capacity within Japan has become bigger and bigger, and at present there are large crushers which have the capacity of processing 1500 tons daily (soybeans) and the techniques of crushing and refining have been improved to rank among the top level countries.

There are over 200 crushing companies in Japan. However ca. 70% of the production capacity is owned by

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10 large companies. The present facilities and production capacity in Japan are so large that the supply of products overrun the demand. In spite of this fact, there are now plans to construct larger plants along the coast and to expand the present plant capacity.

During the last 10 years the annual consumption increased annually by 5-10%, but in 1971 an increase of only 2% was recorded. This includes edible oils and oil meals. Under such circumstances we now have overproduction and surplus stock.

The drastic announcement made by President Nixon last August has created havoc in the Japanese economy, and in this depressed market there is little hope for a great increase in the consumption of edible oils and meals. In Japan oil-bearing seeds and end products can now be freely imported without restriction; furthermore, as the result of the expansion of crushing facilities with overproduction, the Japanese market has become very unsteady. The keen competition created by cutting down prices is driving our crushing industry into the red.

The situation in European countries is quite different from that in Japan. The relation between European domestic production of oil and meal and the import of end products is well balanced, and with the avoidance of competition they are making reasonable profits. I believe the Japanese oil industry needs to follow the European course.

The ratio of production and import of products by different countries is shown in Table II. This shows clearly that European countries are wisely balancing their production and volume of import. Japanese crushers really have to study and copy this technique.

In order to be profitable the Japa-

nese oil industry should make a thorough study covering supply and consumption to maintain a good balance between production and import to assure profit. Even though Japan has its own problems, it is most urgent that all the Japanese crushers get together and cooperate to avoid excessive competition and strive to make profit. The present intake of oil in Japan is ca. 10 times that of 1935. But this rate of growth has slowed down. Compared with the intake of European countries and the U.S., Japanese intake is ca. 60%. Therefore, by keeping pace with the changing of our dietary habit plus education and public relations, our intake of oils can be expected to increase.

TABLE II
The Ratio of Production and Import
of Products by Various Countries

| Country | Domestic production, % | Imported products, % |
|-----------------|------------------------|----------------------|
| West Germany | 50 | 50 |
| Italy | 70 | 30 |
| The Netherlands | 50 | 50 |
| France | 50 | 50 |
| England | 25 | 75 |
| Belgium | 30 | 70 |
| Japan | 90 | 10 |

The world vegetable oil production and the consumption is reasonably balanced. But in Japan, where we depend upon 90% of imported raw materials, we need to explore and secure steady and dependable sources of supply. Although each country has its own problems, we all need to understand each other and further strengthen our friendship and cooperation. I hope that our industry will become more and more prosperous; this will eventually contribute to our mutual benefit. We will have to expect changes in the world crushing industry. Whether there will be a common pattern or not, we must decide on a course to follow in the changing future.

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