

Profile of Cutlery Sector (2018)

Prepared by:



Turn Potential into Profit

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1 Disclaimer

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2 Acronyms

BOI	Board of Investment
CE	Certificate of Europe
CFC	Common Facility Center
CIP	Certification Incentive Programme
CIP	Cutlery Institute of Pakistan
CNC	Computer Numerical Control
ECO	Economic Cooperation Organization
EU	European Union
FDA	Food and Drug Administration
GMP	Good Manufacturing Practice
HS	Harmonized System
ITC	International Trade Centre
MIDC	Metal Industries Development Center
MoC	Ministry of Commerce
MoIP	Ministry of Industries and Production
MoST	Ministry of Science & Technology
PCSIR	Pakistan Council of Scientific and Industrial Research
PCSUMEA	Pakistan Cutlery & Stainless Utensils Manufacturers & Exporters Association
PSQCA	Pakistan Standards and Quality Control Authority
PQI	Productivity, Quality and Innovation
SEZ	Special Economic Zone
SMEDA	Small & Medium Enterprise Development Authority
STPF	Strategic Trade Policy Framework
TDAP	Trade Development Authority of Pakistan
TEVTA	Technical Education & Vocational Training Authority
UNIDO	United Nations Industrial Development Organization

3 Executive Summary

The cutlery and the hunting equipment industry are mainly clustered around the skirts of Wazirabad in Pakistan. Almost over 96% of the production of the cutlery industry in the country is centered at Wazirabad. The sector comprises over 400 SMEs, of which 250 are cutlery manufacturers and the remainder 150 is involved in the manufacturing of hunting equipment and swords. The industry produces on average 1.3 million swords & daggers and around 3.0 million cutlery pieces a year with an estimated value of Rs 6-7 billion. Out of the total production, approximately 95% of swords and hunting equipment is exported, whereas, only 25% of the tableware cutlery is exported¹. The industry belongs to the light engineering industry category, and is one of the industries that have existed prior to independence.

Besides small and medium units, a few units are large and have a 90% integrated system. Most of the larger and medium sized firms are exporting. However, the smaller units usually supply to commercial exporters or local wholesalers. The main raw material used in the production is 'steel'. Around 80% of this steel is manufactured locally and the remaining 20% is imported from Germany and Japan. A recent innovation in the cluster is the development of Damascus Steel – which is used for the manufacturing of hunting knives.

The sector employs around 10-15,000 thousand workers. However, employment is volatile as most factories operate in the informal sector with high degree of temporary and contractual employment. Over the last four years the exports from the sector has stayed stagnant at the level of US\$50 million. Currently only 20-25% of the industry cutlery manufacturers are exporting, whereas, over 90% of the knives, blades and hunting equipment manufacturers are exporting².

Exports from Pakistan make up only a small fraction of world trade in cutlery, swords and hunting equipment. This is one sector where Pakistan has developed capabilities to penetrate high value / high income markets such as Germany, USA, France, Belgium etc. The cost of products made in Wazirabad for exports are much higher than the Chinese products. However, the price is lower than some of the more sophisticated producers such as Germany and Switzerland.

The sector has suffered from intense competition from China. The major impediments of the sector are low levels of productivity, inadequate technology upgrade and shortage of skilled staff. Moreover, most of the companies operate without any brands with only a couple moving to branding of their products. Furthermore, the industry in the years to come may face further compliance requirements, especially the cutlery manufacturers, who would be required to meet standards on use of 'food grade materials'. Currently not

¹ UNIDO Field Survey and Board of Investment, Pakistan Light Engineering Sector

² Pakistan Cutlery & Stainless Utensils Manufacturers & Exporters Association, Pakistan Economic Survey 2008-09 and UN Commodity Trade Data Base

much compliance or testing requirements exist and only a few companies adhere to ISO standards. The scale of operations is also a problem and firms find it harder to compete with competitors especially China.

4 Introduction

Cutlery means the cutting implements such as knives, swords, razors, scissors, forks and spoons used for industrial, commercial, domestic purposes. It is broadly divided into two categories i.e. kitchen ware and non-kitchen ware. Cutlery is one of the important commodities of engineering sector in Pakistan. The total export of cutlery items was almost US \$33 Million in 2004-05, where as in 2017, Pakistan's export of cutlery is US \$84.97 Million. The main competitive countries in export market are China, Germany, Korea and UK.

The cutlery items apart from tableware are almost export oriented. The average capacities utilization in this sector amounts to only 30% to 40%³. The main problem areas are the manual grinding, polishing and heat treatment of knife's blade, which are carried out in the very primitive style.

This sector is blessed with a number of positive attributes like skilled labor, foreign exposure, training centers, raw material and export friendly Government policies. There is a wide untapped foreign market like Russia, Australia, Africa and South America. There is a big threat from China, which is gradually holding the entire global market. In the kitchen and table cutlery, the knives, swords and daggers are the main items whereas remaining export is made in non-kitchen and non-table cutlery.

4.1 History and Background

Gujrat region is famous for manufacturing of good quality cutlery products in the Indo-Pak region well before the pre-partition. In the pre-partition era, the Wazirabad Cutlery cluster had been famous throughout India for its good quality cutlery and knives. During 1881-82, the town produced arms and ammunition for the British army. It also produced weapons such as knives, daggers, karpans, etc. for the Allied Forces during World War-I and II. After the war, the skilled craftsmen of Wazirabad diversified their product in different categories such as tools, utensils, table cutlery and door locks etc. The British used to call Wazirabad as the 'Sheffield of India'.

Kitchenware industry got established in Wazirabad way back in 1930's. Almost 3-4 units pioneered the work of kitchen cutlery before partition. In 1947, around 40-50 knife manufacturing units used to produce knives for businessmen. The Indian traders used to up-grade and export these semi-finished products. The cutlery industry faced serious crisis after partition because the largest home markets (i.e. Bombay, Calcutta and Delhi) got included in India. The Hindu financiers migrated to India leaving behind the skilled and hardworking craftsmen who were able to recapture their fame within a very short

³ BOI Report on Pakistan Light Engineering Sector 2010

span of time. In 1950's, the knife manufacturing business declined mainly due to natural calamities primarily flood. In 1960's, the knives of Wazirabad catered 90% of the domestic market while 10% were used to export. About 10-15 knife manufacturing units were operational at that time.

The industry got momentum after partition, the companies multiplied in late 1950's and the Wazirabad cluster entered into a new era of domestic and international market with quality products. During 1970's the tableware industry started declining due to various reasons, the main reason being the introduction of the 'Nationalization Scheme' by the Government. In 1990's, the number of companies crossed over 100 and the competition became fierce with shortening of export margins. In late 1990's, China entered the cutlery market, displaced the competitors due to its "mass production/less price" strategy and claimed a handsome market share in a short span of time.

In 1970's, the business flourished and the number of units increased to 100. During 1980's, the knife manufacturing business boomed and the units multiplied to 500; the knife products repositioned as mainly export oriented. In 1990's, new products were introduced and the manufacturing businesses reached new heights until early millennium; Later on China introduced low cost products and displaced local exporters.

5 Product Mix

The following are two main categories of the cutlery items;

5.1 Kitchenware Cutlery

The Harmonized System (HS) of Codes of the Cutlery along with description for Kitchenware Cutlery is shown below;

Table 1: Kitchenware Cutlery

HS Code	Description
8215	Spoons, Forks, Ladles, Cake Server, Fish Knives etc.

5.2 Non-kitchenware Cutlery

The Harmonized System (HS) of Code of the Cutlery along with description for Non-kitchenware Cutlery is shown below:

Table 2: Non-Kitchenware Cutlery

HS Code	Description
8211	Knives with Cutlery, Blades, Serrated not in 8202
8214	Other articles of cutlery
8208	Knives & Cutlery Blades
9307	Swords, cutlasses, bayonets
9507	Fishing & Hunting Equipment
732393	Table Kitchen items of stainless steel

821210	Razors
821220	Safety Razor Blades

6 Geographical Concentration

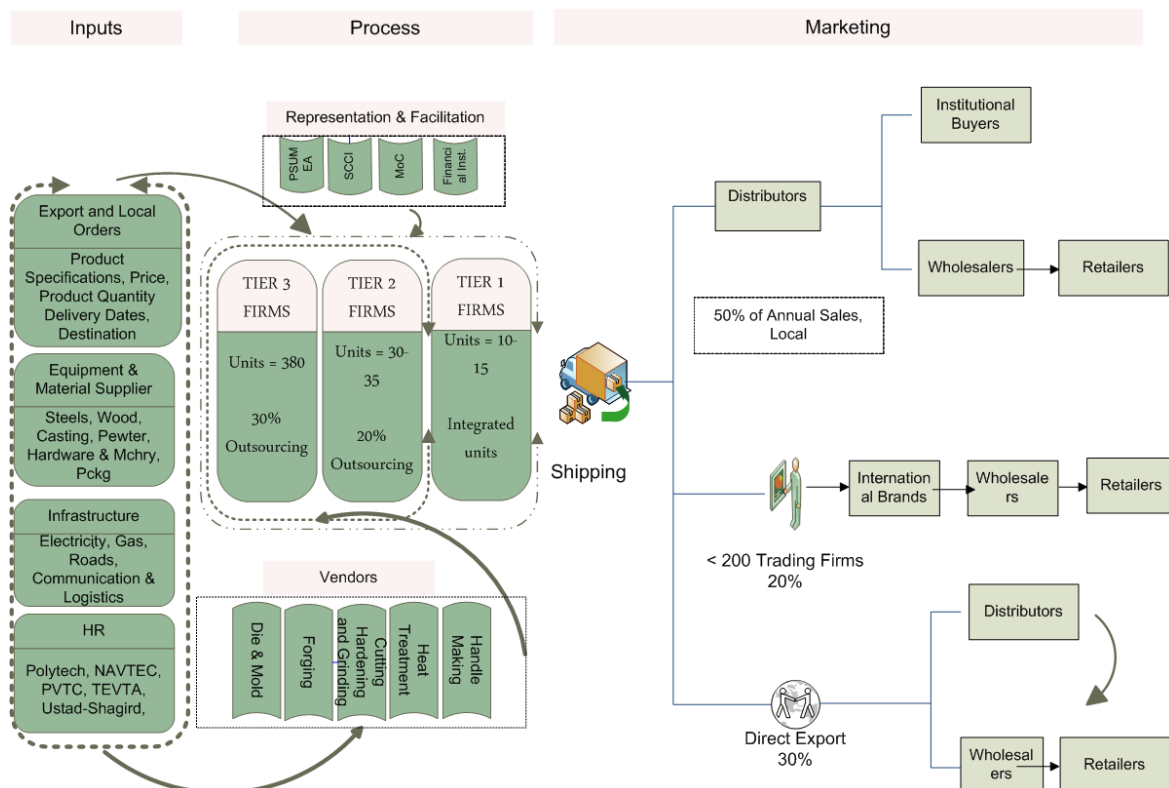
Wazirabad is located in the traditional metal workmanship triangle of Punjab, where the major part of the cutlery industry of Pakistan is clustered. Wazirabad is situated on left bank of the river Chenab at a distance of 3 km, 32 km to the north east of Gujranwala, 45 km south west of Sialkot and 14 km south of Gujrat. Cutlery industry is situated in the locality of Wazirabad, Nizamabad and Allahabad in Gujranwala District. Wazirabad has been famous for its good quality cutlery even before the independence. However, some of the cutlery manufacturers are present in Sialkot, Lahore, Karachi and Dir (KPK) also. One important segment of industry (shaving blades and disposable razors) is entirely situated outside Wazirabad.

7 Analysis of Business Operations

7.1 Value Chain

The value chain of Cutlery Sector in Pakistan is as given below:

Figure 1: Value Chain of Cutlery Sector



7.2 Raw Material

Three different types of steel are currently being used. Locally manufactured steel, imported steel and Damascus steel, which is the most expensive. Although the local steel is low in cost but it mostly does not meet the quality standards that are required by foreign buyers. The finish of the product is poor if local steel is used. Most of the local steel is used by the cutlery manufacturers as they are selling in local markets predominantly. The local steel does not qualify as 'food grade' steel hence cannot be used in making cutlery for international markets. Moreover, the availability of steel is also an issue. The stocks and prices are quite variable resulting in pricing problems for the industry. Damascus steel is one of the success stories of the sector. Damascus steel is the highest quality steel for hunting knives, swords and similar equipment. The sector has developed capacity to produce its own Damascus steel. Some of the larger units are manufacturing their own Damascus steel and are able to enter global product market at much favorable terms. In comparison, China which is the leader in global trade of cutlery and similar instruments, has a competitive advantage due to availability of alternative low cost materials. The main difference is that Chinese have captured a major market share by competing on low costs and high turnovers. Their strong research and development capacity in alternative materials has given them a clear advantage in the market.

7.3 Technology

7.3.1 Cutting, Straightening, Hardening & Grinding

The production process after procurement of material requires several processes. The metal is first cut into pieces of required shape. This is done by using die press. Then hardening and heat treatment is performed, then hand hammering for straightening and finally grinding. Most of these techniques use old less productive technology. Comparison with the Chinese value chain suggests that following:

- Pakistani industry uses one piece die press for cutting, in comparison the Chinese and other competitors such as Germany, France etc. use 12 piece heavy die press. Hence, their process is 12 times more productive.
- Pakistani industry uses hand hammering for straightening purpose, the Chinese counterparts use automatic straightening machine. The hand hammering technique can process up to 250 pcs/day and in comparison the automatic machine straightening processes 5,000 pcs in an 8 hour shift.
- Similarly, grinding is done using an open grinder in Pakistan, in comparison, Chinese use belt grinders. The local practice can only process 100-125 pcs/day as compared to belt grinding that can process around 600 pcs/day.

Another critical comparison of value chains here is that Chinese manufacture 95% of the machinery used in the production process locally. The manufacturers are able to

purchase this machinery at a fraction of the cost of European models. Local firm in Pakistan has to rely on importing these machines, which are quite expensive. Hence, the backdrop of having no such support to engineering industry leads to a significant competitive disadvantage.

Moreover, electricity is the major input in all of the above production processes. Shortage of electricity and high cost of electricity is a critical impediment to competitiveness.

7.3.2 Handle Making

Handle making is another critical process. Handle making is a critical value driver of the products as it makes a visible impact on the quality of the product. No matter how good the quality of the blade if the handle is not of a good quality the product will not fetch a high price. Again due to technology deficiency, productivity is low. Chinese are using spindle machines that can produce 1000 handles a day, as compared to manual process which can only produce handles 10/day. However, the shift to this newer technology has a cost, as handmade handles fetch a much higher price in the market as compared to machine made.

7.3.3 Polishing, Cleaning and Packaging

Finishing of the products is the weakest area in the local value chain. Some of the firms have shifted to automatic cleaning machines which have improved the quality of the cleaning and also the speed. However, generally the sector relies on manual labor doing the cleaning work. This process is slow and also has some environmentally hazardous effects. Similarly, the polishing process is manual as compared to Chinese firms, which use vibrator machines. With current practices one worker is able to polish a maximum of 100 pcs/day and in comparison vibrator machine technology can process 1,000 pcs/day.

Packaging is the most neglected area. There is currently no packaging industry that can cater for the needs of the cutlery and the hunting equipment and knives products. The packaging available in the local market is of very poor quality and detracts a lot of value from the product. Countries such as Germany and France import a lot of products from Pakistan, refinish and repackage them and then sell them under their brand at around 8x the price.

7.4 Workforce

Pakistan Cutlery & Stainless Utensils Manufacturers & Exporters Association indicates that one employment in industry creates 3 indirect employments elsewhere. Since employment in the cutlery and hunting equipment industry is around 10-15,000, which is

0.20% of the total manufacturing employment, adding 30-45,000 indirect employment in the industry makes it to go up to 0.8% of total manufacturing employment⁴.

7.5 Compliance to National & International Standards and Certifications

Commonly required tests by the buyers include material composition and hardness. Chromium and Molybdenum content is checked in raw material. For material composition, a certificate is provided by the supplier of the steel that is acceptable to the buyers. Most of the exporters are ISO 9000 certified⁵. Currently, requirement of compliance from international buyers may vary from case to case from the multinational companies buying cutlery products from Wazirabad. However, with the cutlery manufacturers moving towards newer markets (like international chain stores), there may be a need for fulfilling more compliance requirements in future. There are however no specific standards requirements generally from local market.

Certification needs of cutlery manufacturers are limited. Firms require ISO 9000 and CE Marking, for all items which fall under this category, to meet the demands of buyers in USA and Europe, respectively and want to be trained on the requirements of these certifications.

A report on “Assessment and Analysis of Certification Requirements in Selected Export Sectors of Pakistan” published in May 2015 by Trade Related Technical Assistance (TRTA II) Programme, reveals that USA market for cutlery products requires compliance certifications of ISO 9000 and ISO 14000 whereas European market requires compliance certification of CE Marking.

To support PQI Initiatives, Ministry of Science & Technology, Government of Pakistan launched a programme “Certification Incentive Programme for SMEs under PQI Initiative 2025”. This programme has been launched to attract SMEs who may use professional services to solve their problems, which would invariably lead to better quality products, improved industrial productivity, and high level of competitiveness and wider penetration of Pakistani products into the international market. This project provides incentive to SMEs in the export based Manufacturing & Service Sectors including the Surgical Instruments Sector to acquire the Certification/ Accredited as relevant to their business areas. Main objectives of this project are as under;

- To Guide & Support the SMEs to adopt new trends of international competitiveness, improved industrial productivity & Quality.
- To provide incentive grants to more than 2000 SMEs in developing a certification framework to improve business practices and enhancing export.
- To improve competitiveness of Pakistani Entrepreneurs / SMEs in global supply chain.

⁴ Pakistan Cutlery and Stainless Utensils Manufacturers and Exporters Association Wazirabad

⁵ UNIDO Report on “Compliance Issues Affecting Enterprise Clusters in Punjab Province of Pakistan”

- To organize training programmes for stakeholders in establishing & maintaining certification systems.

7.6 Sales & Distribution Channels

The sector feels positively about entering newer markets especially where there are possibilities of higher value added. However, the major constraints identified as a result of survey findings were lack of information on new markets and limited capacity to export. The education level in the sector is extremely low and business structure is highly family integrated. There is no exposure of the sector to outer markets with few exceptions. Majority of the firms in the cutlery sector are not exporting as they have no information on how to export. Similarly, the sector feels shy of going out to explore newer markets due to the language barriers. In addition, sector has limited resources to observe trade patterns, pricing information and linkages in international markets.

8 Production Process Flow

8.1 Production Process Flow for Knives

- i. **Cutting:** In the first step the metal sheet is cut into different pieces depending upon the sizes of knife blades.
- ii. **Straightening:** The blades are straightened manually during the process.
- iii. **Hardness:** The blades are hardened; an essential process required for the sharpness of blades.
- iv. **Surface Grinding:** Surface grinding machines smooth the surfaces of blades on both sides.
- v. **Edging:** The process is used to carry out both manually and through machine work to develop the edges of knives.
- vi. **Handle Making:** Handle making is performed manually in two steps: Handle making & Fixation.
- vii. **Polishing:** Semi-finished knives are then sent to the polish department.
- viii. **Cleaning:** After polishing process, knives are cleaned by kerosene oil and/or wood brada.
- ix. **Inspection:** The products are then passed through the inspection phase; products were checked according to the standards prescribed by the customers.
- x. **Packaging:** The knives are then packed into cartons and gift boxes of different sizes.

Process Flow Chart

Figure 2: Process Flow Chart for Knives



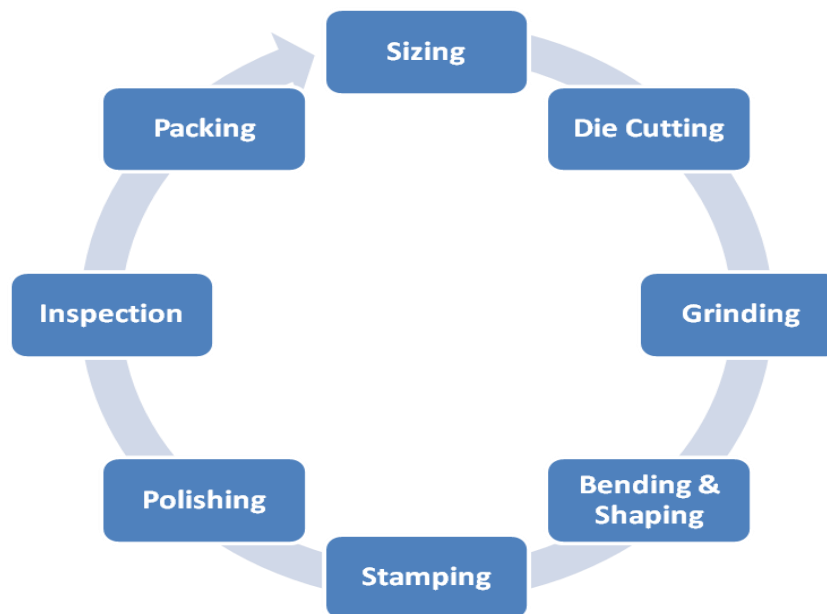
8.2 Production Process Flow for Spoons

- i. **Sizing:** Stainless Steel sheets are cut into the required sizes through Cutting press.
- ii. **Die Cutting:** After sizing, the pieces are brought to the die section, where according to the product requirements; the sheets are further cut and drawn to give basic shape. Presses ranging from 30-100 tons are used in this section according to the product specifications.
- iii. **Grinding:** After cutting & drawing, the items are brought into the grinding section to smoothen the rough edges and remove any extra material, if present.
- iv. **Bending and Shaping:** Small items as spoons, forks etc are brought into this section where the final shape of products is achieved.
- v. **Straightening and Stamping:** Handles of spoons are straightened and shaped in this section. Stamps of brands are also fixed here.
- vi. **Accessories Fixation:** Plastic or steel accessories are fixed in this section depending on the style/design.

- vii. **Polishing:** The product surface is smoothened and proper shine is given in this process.
- viii. **Final Inspection:** Quality of the product is checked during the final inspection phase in addition to any minor rework if required; failing with the item was rejected and sent back for major rework.
- ix. **Packing:** The product is then packed according to the requirement of buyer.

Process Flow Chart

Figure 3: Process Flow Chart of Spoons



9 Production Statistics

The cutlery and the hunting equipment industry is mainly clustered around the skirts of Wazirabad. Almost 96% of the countries production is at Wazirabad. The sector comprises over 400 SMEs, of which 250 are cutlery manufacturers and the remaining 150 are involved in the manufacturing of hunting equipment and swords.

Besides small and medium units, a few units are large and have a 90% integrated system. Most of the larger and medium sized firms are exporting, however, the smaller units usually supply to commercial exporters or local wholesalers.

The industry produces on average 1.3 million⁶ knives, swords & daggers and around 3.0 million cutlery pieces a year with an estimated value of Rs 6-7 billion. Out of the total

⁶ Pakistan Cutlery and Stainless Utensils Manufacturers and Exporters Association Wazirabad”

production, approximately 95% of swords and hunting equipment is exported, whereas, only 25% of the tableware cutlery is exported⁷. The industry belongs to the light engineering industry category, and is one of the industries that have existed prior to independence. This figure implies that the sector contributes 0.11% to the national GDP. This is not significantly large, it, however has a wide range of supporting industries such as steel, wood, leather, casings, machine vendors, etc. and thus potential reverberation in economy is far greater.

10 International Trade

This section reflects the status of Exports & Imports of cutlery products of Pakistan to & from the world. Under sub sections mentioned below trade history is given to recognize historical trade trends.

10.1 Pakistan's Trade with the World

The available data of trade suggests that Pakistan has been able to develop capabilities to supply in a majority of commodities, however, the scale and share of markets stays small or insignificant. This presents with both an opportunity and a threat. It is an opportunity as the market is large enough to allow Pakistani exporters to expand their shares and increase export earnings. It is a threat because, if Pakistan does not upgrade its production and improve efficiency, it may lose even the existing market shares to new entrants such as Viet Nam.

10.1.1 Pakistan's Exports to the World

Pakistan's total export of cutlery items in 2017 was US\$ 84.9 million. A majority of Pakistan's exports were concentrated in the HS 8214 whose exports were US\$ 49 million in 2017. Exports under this category have shown a substantial increase since 2009 rising from US\$ 25 million to the current level of US\$ 49 million in 2017. This rise was the result of higher exports to all of Pakistan's major markets.

Table 3: Pakistan's Exports of Cutlery Items in 2017

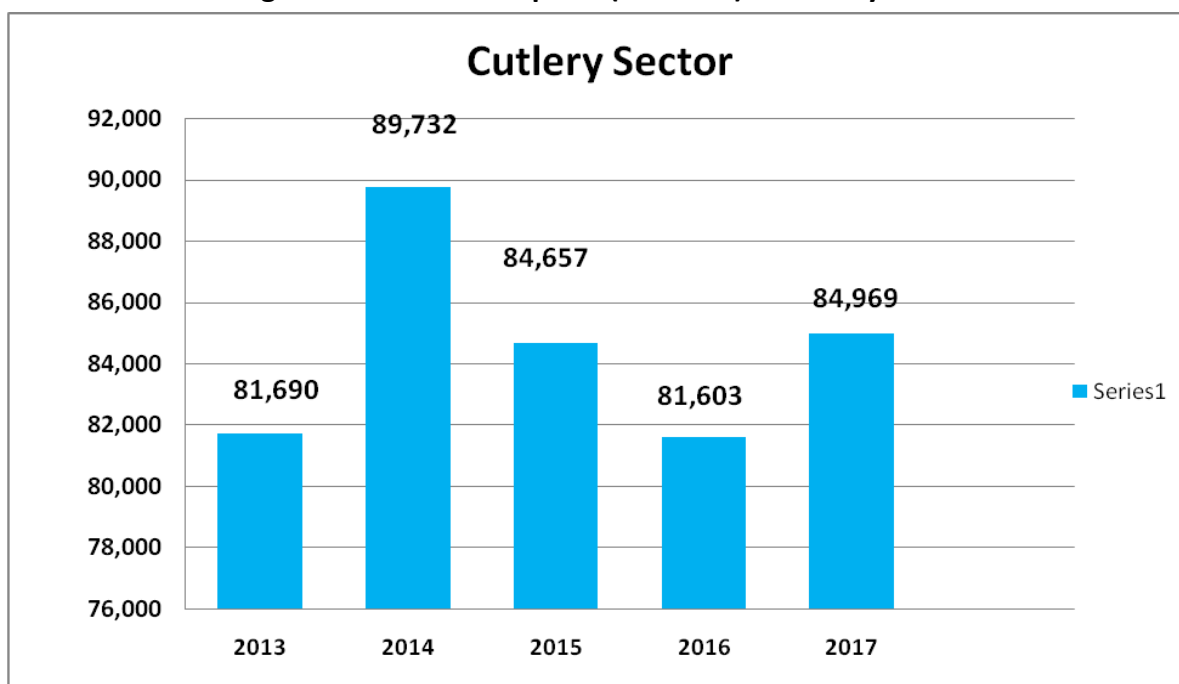
HS Code	Description	Pak Exports (US \$ 000)
732393	Table Kitchen items of stainless steel	25,375
8208	Knives & Cutlery Blades	320
8211	Knives with Cutlery, Blades, Serrated not in 8202	9,748
821210	Razors	9,538
821220	Safety Razor Blades	10,953
8214	Other articles of cutlery	49,274
8215	Spoons, Forks, Ladles, Cake Server, Fish Knives etc.	1,747

⁷ Pakistan Cutlery and Stainless Utensils Manufacturers and Exporters Association Wazirabad

9307	Swords, cutlasses, bayonets	500
9507	Fishing & Hunting Equipment	352
Total		84,969

Source: ITC Trade Map

Figure 4: Pakistan's Exports (US \$ 000) of Cutlery Items



Source: ITC Trade Map

10.1.2 Major Trading Partners of Pakistan

The main international destinations for the Pakistani Cutlery products had been USA, France, Dubai, Saudi Arabia, Germany, and Belgium etc. Cutlery item" 8214 Articles of cutlery" has the highest exported value by Pakistan among all the cutlery items. List of importing markets is given below for a product exported by Pakistan i.e., Product: 8214 Articles of cutlery, n.e.s., e.g. hair clippers, butchers' or kitchen cleavers, choppers.

Table 4: Major Importing Markets of Product (US \$ 000)

Importers	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
World	50,142	52,119	48,524	45,620	49,274
United States of America	13,922	14,570	13,463	12,332	12,362
Germany	6,098	6,433	5,854	5,543	5,996
United Kingdom	2,835	2,901	3,282	3,972	4,623

Italy	3,788	3,970	3,929	3,400	3,233
Brazil	2,878	2,817	3,143	2,348	2,361
France	2,188	2,025	1,621	1,710	1,936
Russian Federation	1,924	2,314	1,872	1,863	1,734

Source: HS Code: 8214, ITC Trade Map

Cutlery item” Product: 821210 Non-electric razors of base metal” has the highest imported value by Pakistan among all the cutlery items. List of supplying markets is given below for a product imported by Pakistan i.e., Product: 821210 Non-electric razors of base metal.

Table 5: Major Exporting Markets Cutlery item of Product (US \$ 000)

Exporters	Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	7,892	9,444	9,216	7,083	9,875
Poland	3,859	4,914	5,890	4,538	7,280
Russian Federation	1,530	1,069	522	253	747
France	288	416	507	706	728
China	1,233	2,124	1,525	930	516
Viet Nam	21	26	0	79	402
Egypt	20	25	19	24	125

Source: HS Code: 821210, ITC Trade Map

10.1.3 Pakistan's Imports from World

Imports of Pakistan, for the cutlery items given in table below were US\$ 22.6 million in 2016. Out of these the largest product sub-category was HS 821210 with imports of US\$ 7.1 million.

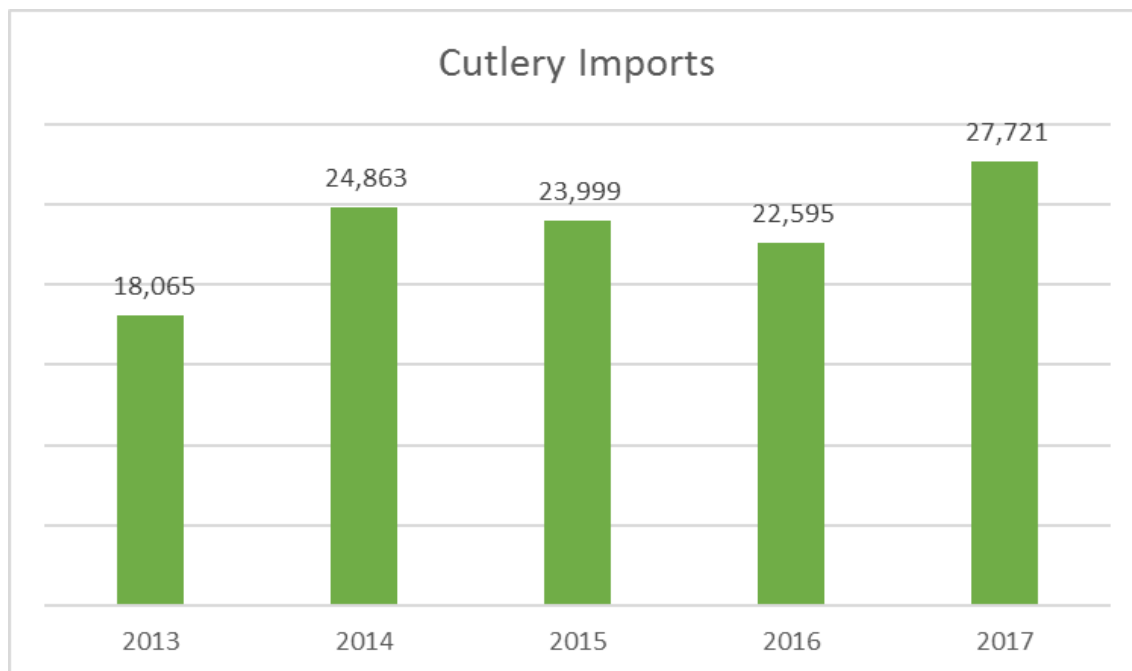
Table 6: Pakistan's Imports of Cutlery Items in 2017

HS Code	Description	Pak Imports (US \$ 000)
732393	Table Kitchen items of stainless steel	741
8208	Knives & Cutlery Blades	7,345
8211	Knives with Cutlery, Blades, Serrated not in 8202	851
821210	Razors	9,875
821220	Safety Razor Blades	3,643
8214	Other articles of cutlery	3,410
8215	Spoons, Forks, Ladles, Cake Server, Fish Knives etc.	1,656

9307	Swords, cutlasses, bayonets	2
9507	Fishing & Hunting Equipment	198
Total		27,721

Source: ITC Trade Map

Figure 5: Trend of Pakistan's Imports (US \$ 000) of Cutlery Items



Source: ITC Trade Map

10.1.4 Major Suppliers / Sources of Imports from World

10.1.4.1 Major Suppliers

List of major exporters for the selected product i.e., Product: 8214 Articles of cutlery, n.e.s., e.g. hair clippers, butchers' or kitchen cleavers, choppers is given in the table below.

Table 7: Major Exporters for the Product Unit (US \$ 000)

Exporters	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
World	1097,161	1,206,005	1,168,327	1,045,826	1,086,568
China	621,015	710,947	704,837	581,910	612,730
Germany	97,398	98,246	86,043	89,947	87,963
Pakistan	50,142	52,119	48,524	45,620	49,274
United States of America	42,239	45,643	45,123	44,224	45,540

Korea, Republic of	40,215	40,738	35,757	32,693	31,814
Mexico	15,299	17,799	17,483	24,211	27,950
Hong Kong, China	28,054	27,482	28,444	26,491	23,152
Viet Nam	9,068	11,978	14,141	17,582	21,940
France	16,334	18,838	16,516	17,338	17,394
Taipei, Chinese	18,339	19,761	16,969	18,293	16,947
Netherlands	11,067	14,738	18,795	11,776	14,216
Czech Republic	11,447	11,046	9,442	10,233	11,131

Source: HS Code: 8214, ITC Trade Map

10.1.4.2 Major Importers

List of major importers for the selected product i.e., Product: 821210 Non-electric razors of base metal are given in the table below.

Table 8: Major Importers for the Product (US \$ 000)

Importers	Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	3,034,456	2,960,889	2,984,199	3,081,584	2,744,080
United States of America	430,661	493,453	550,680	507,315	505,178
Belgium	202,559	182,447	124,939	191,351	131,549
Japan	97,752	93,502	98,996	106,072	109,281
Germany	104,440	118,639	99,156	90,395	100,231
United Kingdom	120,689	124,699	110,795	99,669	99,829
France	103,112	105,645	92,295	85,252	80,975
Mexico	117,691	107,858	128,800	115,605	78,730
Russian Federation	78,708	78,013	59,724	50,776	71,026
Poland	97,079	92,973	58,691	53,183	67,101
Italy	63,467	61,786	60,384	63,950	63,075
Czech Republic	38,175	44,622	244,539	367,654	62,699
Netherlands	52,397	50,003	39,613	53,970	62,352
Saudi Arabia	67,910	63,949	72,581	56,232	57,544

Source: HS Code: 821210, ITC Trade Map

10.2 Pakistan's Trade with ECO Member Countries

10.2.1 Pakistan's Exports to ECO Member Countries

Pakistan's Exports of Cutlery Instruments to ECO member countries are given in the table below;

Table 9: Pakistan's Exports of Cutlery Instruments to ECO Member Countries (US \$ 000)

HS Code	Description	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
732393	Table Kitchen items of stainless steel	2,287	5,476	6,311	5,037	1,988
8208	Knives & Cutlery Blades	0	0	2	6	23
8211	Knives with Cutlery, Blades, Serrated not in 8202	2	33	2	5	1
821210	Razors	69	105	122	10	338
821220	Safety Razor Blades	118	263	231	866	1,168
8214	Other articles of cutlery	305	263	416	290	506
8215	Spoons, Forks, Ladles, Cake Server, Fish Knives etc.	0	0	0	0	0

Source: ITC Trade Map

10.2.2 Pakistan's Imports to ECO Member Countries

Pakistan's Imports of Cutlery Instruments from ECO member countries are given in the table below;

Table 10: Pakistan's Imports of Cutlery Instruments to ECO Member Countries (US \$ 000)

HS Code	Description	Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016	Imported value in 2017
8208	Knives & Cutlery Blades	6	31	12	48	134
8211	Knives with Cutlery, Blades, Serrated not in 8202	0	10	5	0	0
821210	Razors	1	0	0	0	19
821220	Safety Razor Blades	29	0	1	22	42

8214	Other articles of cutlery	0	2	1	0	0
8215	Spoons, Forks, Ladles, Cake Server, Fish Knives etc.	1	1	0	1	8
732393	Table Kitchen items of stainless steel	4	3	16	1	3

11 SWOT Analysis of Cutlery Sector

SWOT Analysis of Pakistan's Cutlery Instruments Sector is given below;

11.1 Strengths

- Competitive prices (especially in Handmade products);
- History of manufacturing (inherited skills), good-will of Wazirabad;
- Presence of Cutlery & Small Tools Service Centre in Wazirabad.

11.2 Weaknesses

- Lack of market awareness; marketing tools and techniques; poor end-product packaging;
- Primitive style of manufacturing; low level of technology (Manual/semi manual);
- Monopoly of raw material providers; shortage & fluctuating raw material prices;
- Lack of skilled labor
- Poor quality; lack of standardized systems;
- Less production & more wastage;
- Non-cooperation/mistrust among SME's, lack of coordinated efforts;
- Un-ethical business practices leading to price-cut competition;
- Weak SME representation in cutlery association & poor flow of information;
- Comparatively less services provided by the technical institutes;
- Least focus on On-line marketing techniques;
- Unwillingness to systemize production processes, the major hurdle in ISO & other certifications;
- Highly rated utility bills;
- Tax issues.

11.3 Opportunities

- Unexplored Tableware export markets such as Africa, Australia, Russia etc;
- Import of raw materials at controlled prices;
- Introduction of Automatic machinery as a Common Facility;
- Social standards implementation & ISO certifications;
- Possibility of product diversification; low end to high end (need product & market segmentation)

11.4 Threats

- Proliferation of less-priced Chinese products in the market (especially Tableware);
- Regulations in USA After 9/11; conflicting laws and definitions of terrorism;
- Cutlery smuggling from France, Germany, China etc.

12 Investment Opportunities

While the Cutlery Instruments Sector is one of the promising and prominent sectors in Pakistan and has shown decline during the recent phase of overall decline in country exports.

As far as the investment opportunities in the sector are concerned, there is a significant potential of investment for expanding the scope of the cutlery products that have huge potential in the domestic market as well as in the international market.

12.1 Policies / Incentives for Investment in Pakistan

- Strategic Trade Policy Framework (STPF) 2015-18 contains the details of the incentives announced by the Government of Pakistan and eligibility criteria.
- Besides that “Investment Policy 2013” available on Board of Investment (BOI) website contains the information pertaining to the incentives on the investors in general and incentives for investors in Special Economic Zones (SEZs) in the perspective of CPEC.

13 Representative Body

Pakistan Cutlery & Stainless Utensils Manufacturers & Exporters Association (PCSUMA)

P.O.Box 41, G.T. Road, Wazirabad, Pakistan.

Tel: 0092-556-602825

Fax: 0092-556-600740

Pakistan Cutlery & Stainless Utensils Manufacturers & Exporters Association (PCSUMA) was established in 1967. There were approximately 108 registered members with the association. PCSUMA served as a negotiation platform between the members of cutlery cluster and the Government, Semi Government and other autonomous bodies. It worked for the export promotion of the cluster in collaboration with TDAP through various seminars, exhibitions and trade delegations. The association also used to provide support for export refunds and rebate cases. The following services were provided by the cutlery association;

- Information about exports/meetings through circulars;
- Booking of stalls in exhibitions/fairs;
- Trade body meetings; representation of cluster;
- Police protection.

14 Useful Links

In order to facilitate the potential investors, web links of relevant organizations are given in this section.

Organization	Web Link
Board of Investment (BoI)	http://boi.gov.pk/
Ministry of Commerce	http://www.commerce.gov.pk/
Pakistan Cutlery & Stainless Utensils Manufacturers & Exporters Association	http://www.pcsumeas.pk/
Small and Medium Enterprises Development Authority (SMEDA)	http://smeda.org/
International Trade Centre (ITC)	https://www.trademap.org
Trade Development Authority of Pakistan (TDAP)	http://www.tdap.gov.pk/

15 BIBLIOGRAPHY

- UNIDO Field Survey and Board of Investment, Pakistan Light Engineering Sector
- Pakistan Cutlery & Stainless Utensils Manufacturers & Exporters Association
- UNIDO Report on “Industrial Sectors 2010”
- UNIDO Report on “Compliance Issues Affecting Enterprise Clusters in Punjab Province of Pakistan”
- International Trade Centre (ITC) Trade Map