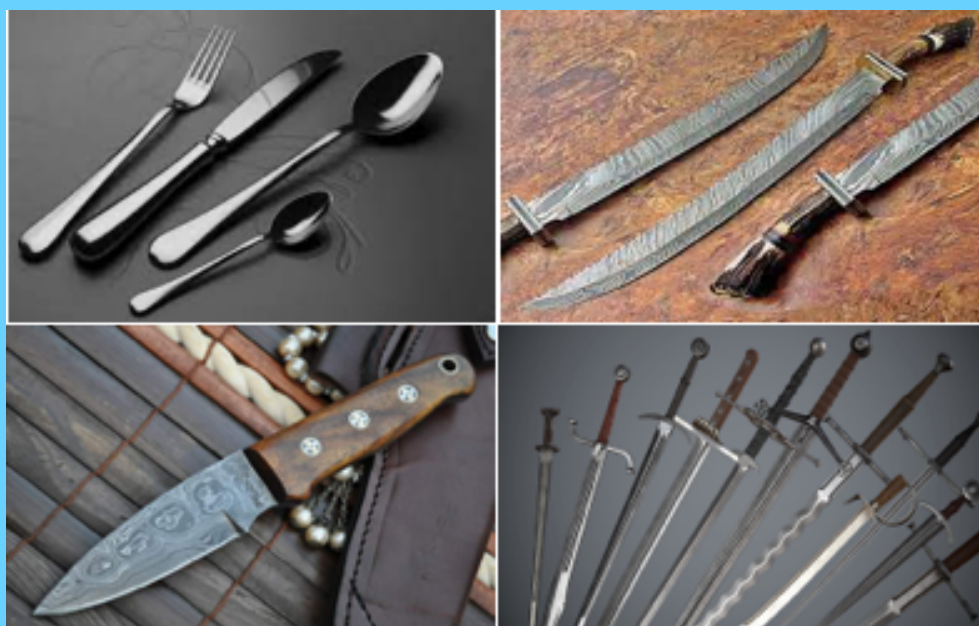


2022

Cluster Profile

Cutlery Products, Wazirabad



Turn Potential Into Profit

Small and Medium Enterprises Development Authority (SMEDA)
Ministry of Industries and Production (MoI&P)
Government of Pakistan

4th Floor, Building No. 3, Aiwan-e-Iqbal Complex, Egerton Road, Lahore
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1 Description of Cluster

1.1 Introduction

Cutlery means the cutting implements such as knives, swords, razors, scissors, forks and spoons used for industrial, commercial and domestic purposes. Cutlery is one of the important commodities of light engineering sector in Pakistan. It is broadly divided into two categories i.e. kitchen ware and non-kitchen ware. 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 cutlery items apart from tableware are almost export oriented. Pakistan's export of cutlery products is US \$ 95.70 Million. The main competitive countries in export market are China, Germany, Korea and UK.

The Cutlery Cluster Wazirabad is blessed with a number of positive attributes like skilled labor, foreign exposure and availability of raw material. 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.

1.2 History and Background

Wazirabad 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 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.

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. Presently, Cutlery Cluster Wazirabad comprises of 600 SMEs, of which 250 are cutlery manufacturers and the remainder 350 are involved in the manufacturing of hunting equipment and swords. The cluster employs around 15,000 workers. However, employment is volatile as most factories operate in the informal sector with high degree of temporary and contractual employment.

1.3 Product Mix

The following are the list of main cutlery items manufactured in Gujrat;

➤ **Kitchenware Cutlery**

The Harmonized System (HS) of Codes of the Cutlery along with description for Kitchenware Cutlery manufactured in Gujrat is shown below:

Table 1: Kitchenware Cutlery

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

➤ **Non-kitchenware Cutlery**

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

Table 2: Non-Kitchenware Cutlery

HS Code	Description
8208	Knives & Cutlery Blades
8211	Knives with Cutlery, Blades, Serrated not in 8202
8212	Non-electric Razors & Razor Blades
8213	Scissors, Tailors' Shears & Similar Shears
8214	Other Articles of Cutlery
9307	Swords, Cutlasses, Bayonets

Above stated articles are the overall of list of items being manufactured in the Cutlery Cluster Wazirabad. However, the manufacturers in Wazirabad are predominantly involved in manufacturing of articles that fall in HS Code Categories of 8215 (i.e. Spoons, Forks, Ladles, Cake Server, Fish Knives etc.) and HS Code 9307 (Swords, Cutlasses, Bayonets, Lances etc.). According to PCSUMEA, over 90% of the Cutlery articles manufactured in Wazirabad mainly comprise of these two categories (i.e. HS: 8215 & 9307) of Cutlery Articles.

1.4 Core Cluster Actors

The manufacturers of the above mentioned products are the core cluster actors. According to industry sources, Cutlery Cluster Wazirabad comprises of over 600 manufacturing units, with majority of the units are of Small and Medium sizes, with some Large integrated units.

Table 3: Cutlery Cluster, Wazirabad

Number of Units	<p>Approximately around 600 units</p> <ul style="list-style-type: none"> • Large Units: 30 Integrated Units • Medium Size Units: 200 • Small Size Units: Approx. 370 <p>Most of the larger and medium sized firms are exporting. However, the smaller units usually supply to commercial exporters or local wholesalers.</p> <p>Around 42% (i.e. 250) of the units are involved in manufacturing of Table Cutlery while rest of the 58% (i.e. 350) are involved in manufacturing of Non Table Cutlery, mainly hunting equipment and swords.</p>
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Employment Generated	Direct Employment: 10,000 Persons Indirect Employment: 5,000 Persons
Estimated Installed Capacity (Annual)	Table Cutlery: 4 Million Pieces Non Table Cutlery: 2 Million Pieces
Estimated Production (Annual)	Table Cutlery: 3 Million Pieces Non Table Cutlery: 1.3 Million Pieces
Capacity Utilization	Around 70% ~ 75%
Markets (Estimated)	Table Cutlery <ul style="list-style-type: none"> • Exports 5% • Domestic Consumption 95% Non Table Cutlery <ul style="list-style-type: none"> • Exports 95% • Domestic Consumption 5%
Contribution to National GDP	Approximately: 0.11% This is not significantly large, however cluster is composed of a wide range of supporting industries such as steel, wood, leather, casings, machine vendors, etc. and thus potential reverberation in economy is far greater.

Source: Pakistan Cutlery & Stainless Utensils Manufacturers and Exporters Association (PCSUMEA)

1.5 Other Support Actors

The key support actors who provide support services to core cluster actors (i.e. cutlery manufacturers) in the area are including but not limited to Raw Material Suppliers, Finishing and Packaging Service Providers.

Table 4: Other Support Actors, Utensils Cluster Gujranwala

Description	Details
Raw Material Suppliers	Steel is the major raw material used by the cutlery manufacturers. Three types of steel are currently being used by the cluster: <ul style="list-style-type: none"> • Local Manufactured Steel • Imported Steel • Damascus Steel, most expensive also Imported

	<p>Usually, large firms import the steel by themselves, whereas medium and small manufacturing units purchase the steel from steel traders and commercial importers. Presently around 25 of Steel Suppliers are operating in the cluster to facilitate the cutlery manufacturers.</p> <ul style="list-style-type: none"> • Local Steel Suppliers – 20 • Imported Steel Suppliers – 5
Grinding and Polishing Service Providers	The majority of Small and Medium Size units outsourced the operations of Grinding and Polishing Service Providers. Presently around 15 Grinding and Polishing Service Providers are operating in the Wazirabad Cluster.
Handle Material Suppliers / Makers	<p>Generally, handles used for cutlery are not manufactured by utensils manufacturers themselves. Approximately, 30 handle makers are providing following type Handle Making services to the manufacturers:</p> <ul style="list-style-type: none"> • Plastic Handle Making: 05 Units • Animal Bone Handle Making: 10 Units • Wooden Handles: 15 Units
Packaging Services	Around 20 Units are providing Packaging and Wrapping Services to Wazirabad Cutlery Cluster.

Source: Pakistan Cutlery & Stainless Utensils Manufacturers and Exporters Association (PCSUMEA)

1.6 Geographical Location

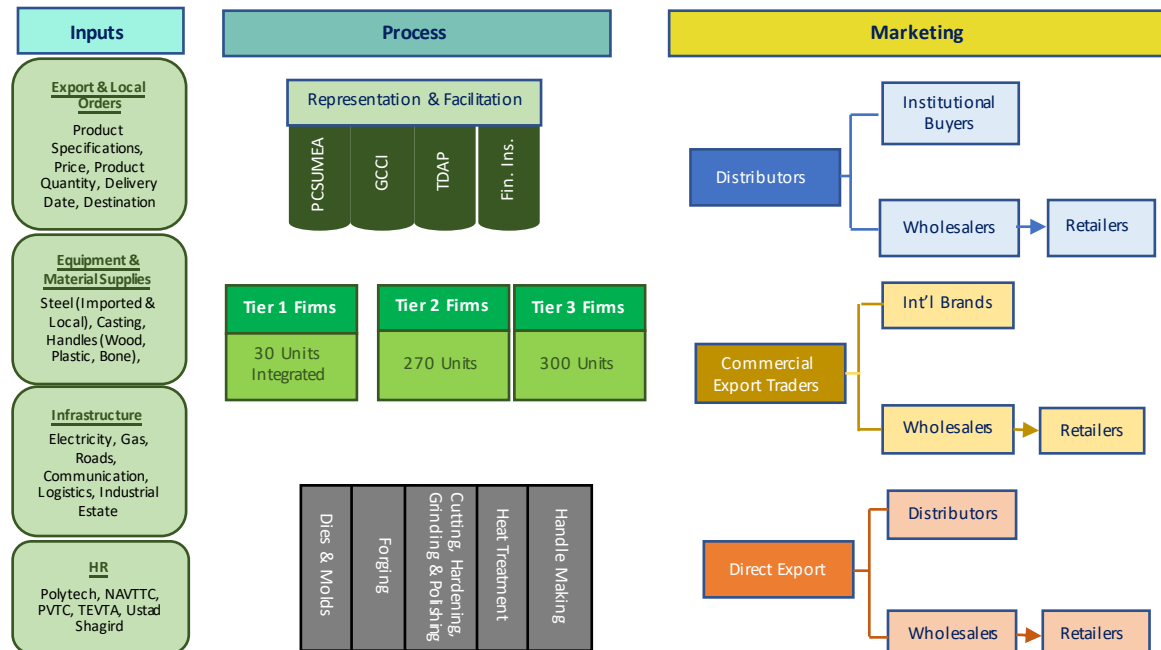
The Cutlery Cluster is scattered around the Wazirabad city, however main concentrations are at Nizamabad and Allahabad.

2 Analysis of Business Operation

2.1 Value Chain

The value chain of Cutlery Cluster Wazirabad is as given below:

Figure 1: Value Chain of Cutlery Cluster, Wazirabad



2.2 Production Process Flow

The production operations of two main product categories i.e. Knives and Spoons are briefly elaborated below. The production operations for other cutlery items quite similar to these two main products with slight variations.

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.

Figure 2: Process Flow Chart for Knives



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.

Figure 3: Process Flow Chart of Spoons



2.3 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 cluster 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.

2.4 Technology

2.4.1 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:

- The 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.
- The 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.

2.4.2 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 1,000 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.

2.4.3 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.

2.5 Human Resource Management

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 employment¹.

The Cutlery industry does not seek highly qualified workforce to perform technical and management operations. Due to semi-automatic nature of technology, technical operations are associated with skilled HR having training, diploma or certification in grinding; while management positions are generally occupied by the owner managers. Human resource is available in abundance and skills are traditionally inherited. Most of the labor is semi-skilled and is trained on job. Furthermore, there are no specialized marketing or accounts departments in small units. These units generate sales on the basis of personal contacts. Business accounts are not maintained properly; therefore, certain problems related to tax return, monitoring and evaluation are common in this cluster.

2.6 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 9001 certified². 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 9001 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

¹ *Pakistan Cutlery and Stainless Utensils Manufacturers and Exporters Association Wazirabad*

² *UNIDO Report on “Compliance Issues Affecting Enterprise Clusters in Punjab Province of Pakistan”*

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

2.7 Sales & Distribution Channels

The cluster 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 cluster is extremely low and business structure is highly family integrated. There is less exposure of the cluster 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 cluster feels shy of going out to explore newer markets due to the language barriers. In addition, the cluster has limited resources to observe trade patterns, pricing information and linkages in international markets.

2.7.1 Local Market Trade

Around 95% of the total production of Table Cutlery and 5% of Non-Table Cutlery items produced in Wazirabad are sold in the domestic market. The major local markets for this



cluster is all across Pakistan. In order to target local market, manufacturers have developed a network of distributors across the country. Usually, 30 days' credit cycle is maintained in context of local trades. The sales and distribution network flow in local market trade is as follows;



Some of the manufacturers also have their own retail and distribution arrangements for distribution of products. Additionally, export agents and local sales agents are also working to facilitate sales of cutlery .

2.7.2 International Market

When it comes to sales of the product in international market, 95% of Non-Table Cutlery and 5% of Table Cutlery are exported to International Markets. The major international markets for the Cutlery products from Wazirabad are China, Germany, USA and European Countries. The large manufacturers directly export their products to clients and international customers, whereas majority of Medium and Small size traders export their products through commercial agents or intermediaries such as national and international import / export agents and traders.

2.8 Financing

The funding from financial institutions is not popular among the industry stakeholders. Generally, investors rely either on their personal investment or friends and family sources of financing. However, almost all the registered financial institutions of Pakistan have their branches within the geographical area of the cluster and are providing the financing at competitive rates. PCSUMEA informed that some of the manufacturers recently availed financing through SAAF Assan Scheme of SBP.

3 Global Trade

During the calendar year 2020, Pakistan exported cutlery articles (as described in Section 1.3) of worth US \$ 95.70 million. The export trends of cutlery articles from the World and Pakistan in recent 5 years in provided below.

Table 5: Summary of Cutlery Exports (in US \$ Million)

Description	2016	2017	2018	2019	2020
World Exports	14,289	14,848	15,188	14,873	14,340
Pakistan's Exports	82.01	89.39	89.53	95.90	95.70
Pakistan's Share in World Exports	0.57%	0.60%	0.59%	0.64%	0.67%

Source: Trade Map (HS Code: 8208, 8211, 8212, 8213, 8214, 8215, 9307)

Article wise details of World Exports and Pakistan's Exports of Cutlery articles are exhibited in the following tables and graph charts.

Table 6: Article Wise World Exports of Cutlery (in US \$ Million)

HS Code	Description	2016	2017	2018	2019	2020
8208	Knives & Cutting Blades for Mechanical Appliances	2,558	2,763	3,039	2,980	2,891
8211	Knives with Cutting Blades	2,364	2,592	2,728	2,709	2,768
8212	Non-electric Razors & Razor Blades	5,039	4,766	4,644	4,463	4,052
8213	Scissors, Tailors' Shears & Similar Shears	728	808	828	848	904
8214	Hair Clippers, Butchers' or Kitchen Cleavers, Choppers etc.	1,065	1,089	1,055	1,041	1,081
8215	Spoons, Forks, Skimmers, Knives, Food Server etc.	2,486	2,780	2,837	2,771	2,589
9307	Swords, Cutlasses, Bayonets, Lances etc.	48	49	56	60	55
	Total	14,289	14,848	15,188	14,873	14,340

Source: Trade Map

Figure 4: Article Wise World Exports of Cutlery (in US \$ Million)

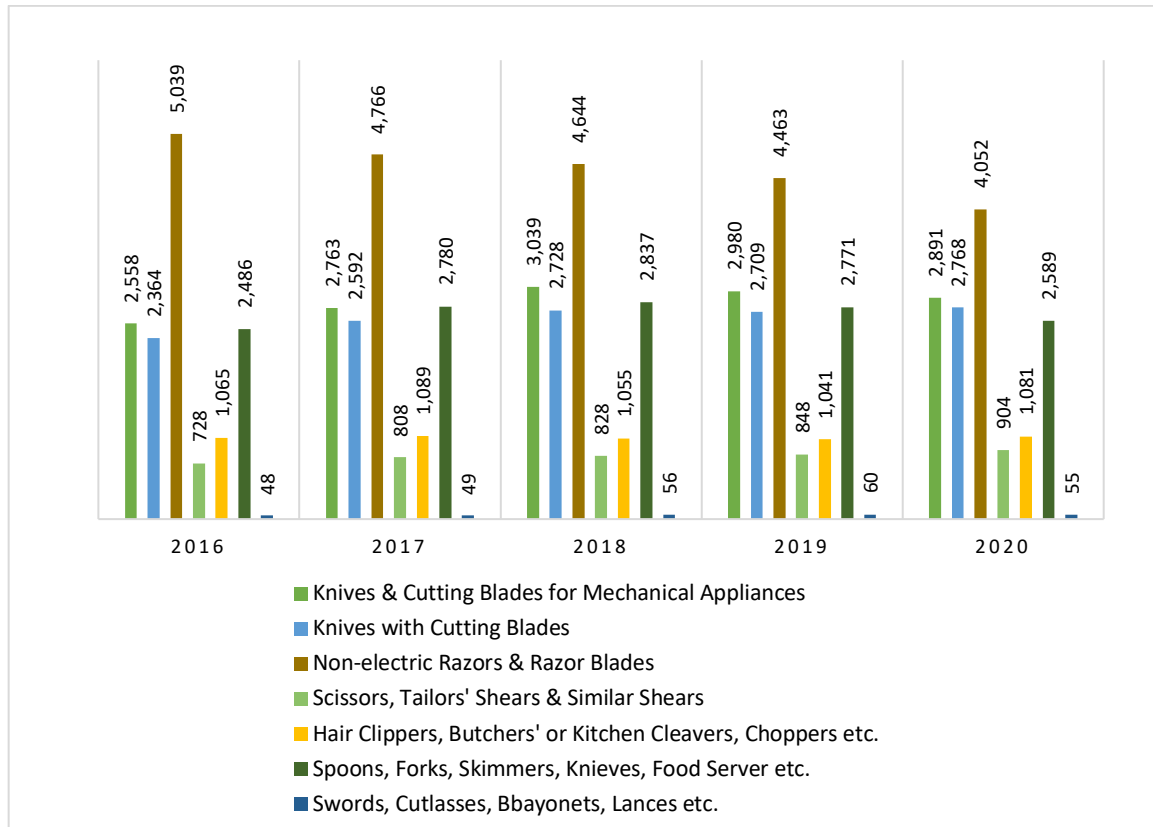
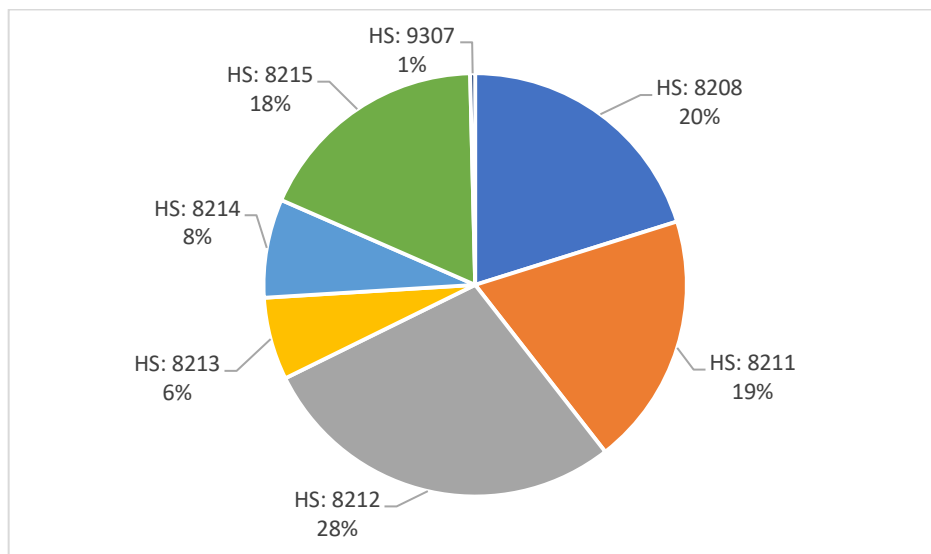
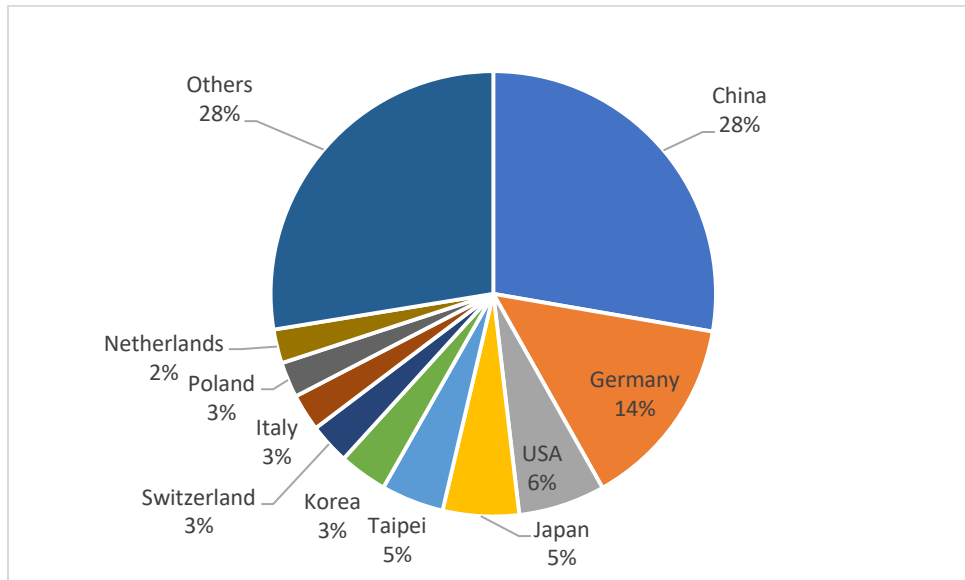


Figure 5: World Exports Product Mix – Articles of Cutlery in 2020



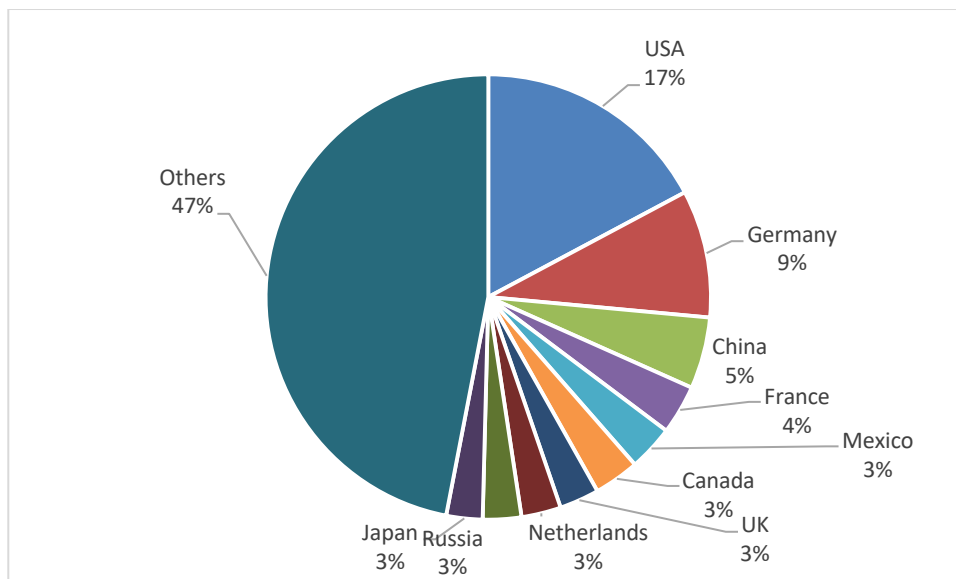
Source: Trade Map

During the year 2020, China with 28% share of world exports is the largest exporter of cutlery articles in the world followed by Germany (14%) and USA (6%). The percentage share of top ten exporters in world exports is presented in the following pie chart.

Figure 6: World Top Ten Exporters of Cutlery Products in 2020

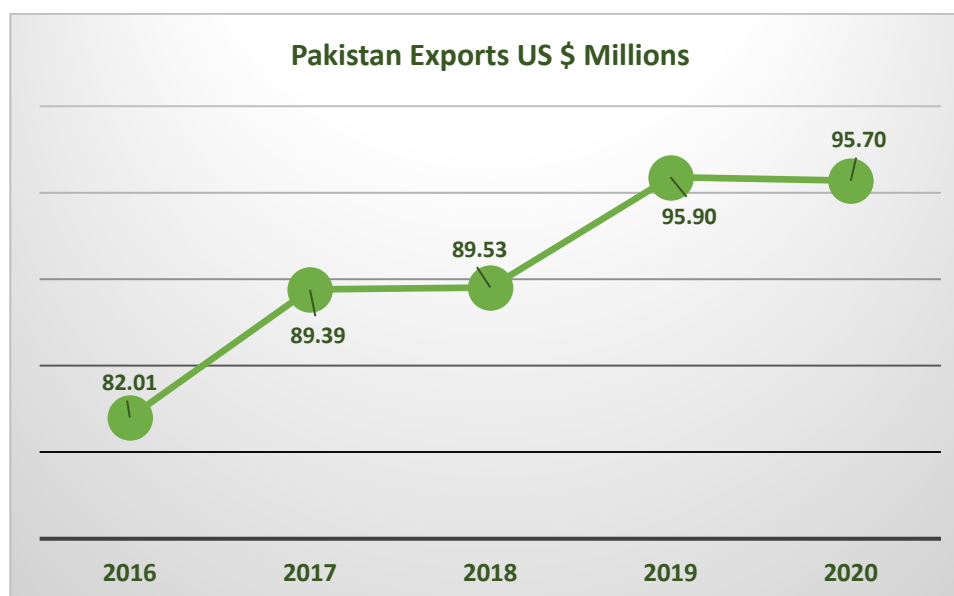
Source: Trade Map

From the perspective of imports, during the year 2020, USA with 17% share of world imports is the largest importer of cutlery articles in the world followed by Germany (9%) and China (5%). The percentage share of top ten importers in world imports is presented in the following pie chart.

Figure 7: World Top Ten Importers of Cutlery Products in 2020

Source: Trade Map

The trade statistic of Pakistan's exports and imports of Cutlery articles is provided in the below section.

Figure 8: Pakistan's Exports Trend of Articles of Cutlery (in US \$ Millions)

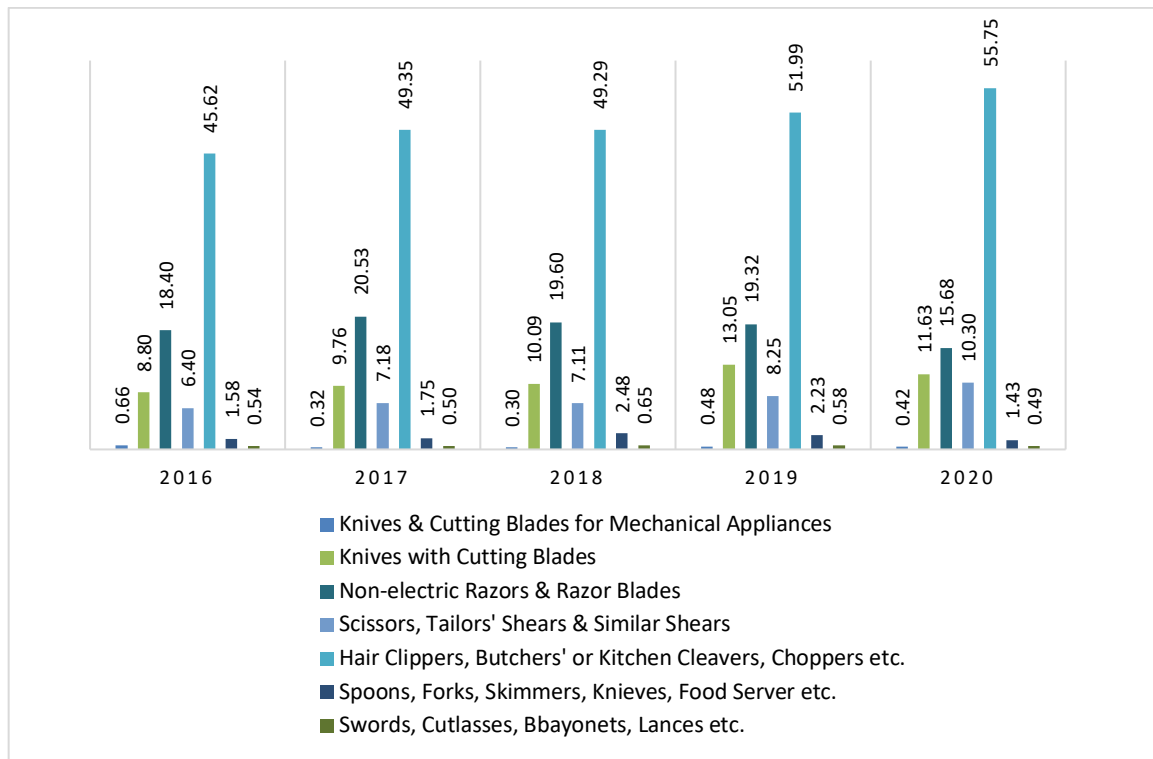
Source: Trade Map

Table 7: Article Wise Pakistan's Exports of Cutlery (in US \$ Million)

HS Code	Description	2016	2017	2018	2019	2020
8208	Knives & Cutting Blades for Mechanical Appliances	0.66	0.32	0.30	0.48	0.42
8211	Knives with Cutting Blades	8.80	9.76	10.09	13.05	11.63
8212	Non-electric Razors & Razor Blades	18.40	20.53	19.60	19.32	15.68
8213	Scissors, Tailors' Shears & Similar Shears	6.40	7.18	7.11	8.25	10.30
8214	Hair Clippers, Butchers' or Kitchen Cleavers, Choppers etc.	45.62	49.35	49.29	51.99	55.75
8215	Spoons, Forks, Skimmers, Knives, Food Server etc.	1.58	1.75	2.48	2.23	1.43
9307	Swords, Cutlasses, Bayonets, Lances etc.	0.54	0.50	0.65	0.58	0.49
	Total	82.01	89.39	89.53	95.90	95.70

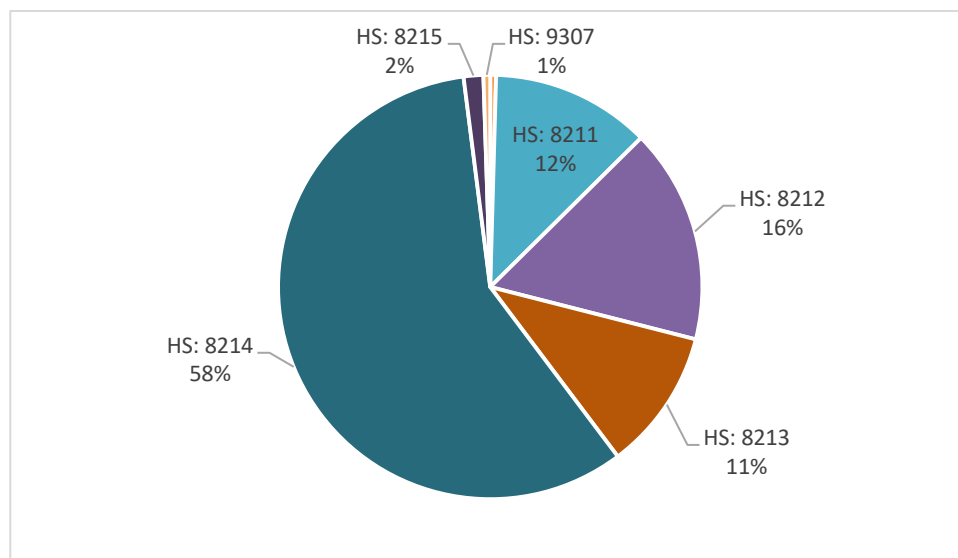
Source: Trade Map

Figure 9: Article Wise Pakistan's Exports of Cutlery (in US \$ Million)



Source: Trade Map

Figure 10: Pakistan Export Product Mix of Cutlery Articles in 2020



Source: Trade Map

From above pie chart it is evident that exports of articles of Hair Clippers, Butchers' or Kitchen Cleavers, Choppers etc., (HS Code: 8214) dominates the overall exports of cutlery items.

However, from the perspective of Cutlery Cluster Wazirabad, the articles under HS Code: 8215 (Spoons, Forks, Skimmers, Knives, Food Server etc.) and 9307 (Swords, Cutlasses, Bayonets, Lances etc.) holds the prime significance because over 99% of the manufacturers are involved in manufacturing in those items and overall more than 95% of exports of these two articles from Pakistan is also belongs to Cutlery Cluster Wazirabad.

In view of the significance of these articles for the Wazirabad Cutlery Cluster, the trade statics summary of world as well as Pakistan’s exports in these categories is as follows:

Table 8: Summary of Cutlery Exports of HS: 8215& 9307 (in US \$ Million)

Description	2016	2017	2018	2019	2020
World Exports	2,534	2,829	2,893	2,831	2,643
Pakistan Exports	2.13	2.25	3.13	2.81	1.93
Pakistan's Share in Exports	0.08%	0.08%	0.11%	0.10%	0.07%

Source: Trade Map

Category wise / product wise importing markets for Pakistan’s Cutlery products are provided in the following tables.

Table 9: List of Importing Markets for Pakistan - Product: 8215 Spoons, Forks, Ladles, Skimmers, Cake-servers, Table Knives etc. (Values in US \$ ‘000’)

Importers	2016	2017	2018	2019	2020
World	1,582	1,750	2,482	2,227	1,433
Netherlands	1,037	1,193	1,057	1,152	708
Germany	197	149	131	127	204
United States of America	89	60	66	75	123
Kuwait	1	-	12	11	120
Saudi Arabia	32	14	17	47	92
South Africa	61	49	67	72	35
Afghanistan	-	-	774	415	29
France	18	20	32	25	28
United Arab Emirates	2	7	49	29	26
Spain	63	192	192	177	24
United Kingdom	30	5	16	16	13
Australia	6	4	7	19	7

Source: Trade Map

Table 10: List of Importing Markets for Pakistan - Product: 9307 Swords, Cutlasses, Bayonets, Lances and Similar Arms & Parts thereof (Values in US \$ '000')

Importers	2016	2017	2018	2019	2020
World	543	501	650	580	493
USA	256	306	453	361	348
United Kingdom	91	60	64	76	46
Germany	16	27	12	46	34
France	26	34	18	21	21
Italy	14	7	5	12	18
Thailand	-	-	-	2	17
Spain	5	2	5	3	4
Ireland	2	-	3	-	2
Sweden	-	-	2	-	2
Brunei Darussalam	-	-	-	-	1
Iceland	-	-	-	-	1
Australia	-	3	1	4	-
Austria	2	-	2	-	-

Source: Trade Map

Table 11: List of Importing Markets for Pakistan - Product: 8208 Knives and Cutting Blades for Mechanical Appliances (Values in US \$ '000')

Importers	2016	2017	2018	2019	2020
World	664	320	303	477	424
Germany	410	128	136	136	157
Romania	45	58	62	156	64
USA	133	35	33	57	44
United Arab Emirates	5	9	1	23	40
Turkey	1	23	17	41	38
United Kingdom	1	-	4	46	27
Canada	4	24	6	-	11
China	-	-	-	-	10
Italy	35	1	2	-	8
Oman	-	8	-	-	8

Source: Trade Map

Table 12: List of Importing Markets for Pakistan - Product: 8211 Knives with Cutting Blades (Values in US \$ '000')

Importers	2016	2017	2018	2019	2020
World	8,801	9,763	10,086	13,054	11,626
USA	5,714	6,850	6,509	9,422	8,892



Germany	550	597	669	581	482
United Kingdom	524	498	454	297	450
France	654	499	959	679	430
Belgium	303	440	414	497	365
Italy	150	170	135	196	165
Canada	153	87	68	95	139
Spain	63	6	89	99	101
Saudi Arabia	179	63	42	174	84
Czech Republic	4	12	36	68	77
Netherlands	35	-	3	40	69
Sweden	27	44	52	64	62
Australia	14	56	42	21	46

Source: Trade Map

Table 13: List of Importing Markets for Pakistan - Product: 8212 Non-electric Razors & Razor Blades (Values in US \$ '000')

Importers	2016	2017	2018	2019	2020
World	18,402	20,525	19,602	19,323	15,675
Saudi Arabia	4,105	4,962	5,051	4,216	3,026
China	2,156	2,352	2,705	2,905	2,895
United Arab Emirates	2,575	3,197	1,143	1,032	1,107
Viet Nam	796	442	845	1,002	965
Kenya	74	223	420	569	898
Bangladesh	1,771	1,531	1,869	1,144	888
Yemen	756	706	575	1,624	765
Sri Lanka	371	455	556	635	434
Lebanon	1,226	999	1,081	888	422
USA	352	225	291	225	359

Source: Trade Map

Table 14: List of Importing Markets for Pakistan - Product: 8213 Scissors, Tailors' Shears & Similar Shears (Values in US \$ '000')

Importers	2016	2017	2018	2019	2020
World	6,395	7,184	7,111	8,249	10,297
USA	757	965	861	1,070	2,054
Germany	829	1,472	1,293	1,550	1,915
United Kingdom	364	449	688	764	1,179
Saudi Arabia	791	563	373	395	881
China	96	1	55	59	536
United Arab Emirates	560	483	554	440	474

Turkey	78	123	83	280	363
Mexico	436	279	370	769	351
Italy	192	278	333	308	323
Egypt	187	147	276	174	255
Brazil	607	655	601	645	242
Spain	140	96	153	135	130
Japan	32	29	32	54	111
France	138	185	87	265	108

Source: Trade Map

Table 15: List of Importing Markets for Pakistan - Product: 8214 Hair Clippers, Butchers' or Kitchen Cleavers, Choppers etc. (Values in US \$ '000')

Importers	2016	2017	2018	2019	2020
World	45,620	49,350	49,291	51,989	55,747
USA	12,332	12,381	10,958	13,511	14,416
Germany	5,543	6,005	6,274	6,388	8,030
United Kingdom	3,972	4,630	4,744	4,292	4,243
Italy	3,400	3,238	3,537	3,181	3,427
Russian Federation	1,863	1,737	2,917	3,319	2,945
France	1,710	1,939	2,235	1,993	2,143
Australia	1,270	1,714	1,742	1,646	1,953
Brazil	2,348	2,365	2,368	2,589	1,634
Poland	579	743	1,123	1,197	1,548
Mexico	1,531	1,550	1,984	1,911	1,360
Korea	1,166	1,097	1,126	1,557	1,297
Spain	1,244	1,532	1,391	1,410	1,252
China	488	389	354	1,038	1,183
Canada	498	657	601	784	1,150
United Arab Emirates	366	393	279	208	897

Source: Trade Map

4 Institutional Setup

4.1 Entrepreneur's Associations

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

Address: 50/1 G.T. Road Opp. Govt. Degree College for Women Wazirabad

Tel: +92 55 6602825

Fax: +92 55 6600740

Email: pcsumeas@gmail.com

Web: www.pcsumeas.org

Gujranwala Chamber of Commerce & Industry (GCCCI)

Address: Aiwan-e-Tijarat Road, Trust Plaza, Gujranwala

Tel: +92 055 9200391-4

Web: www.gcci.org.pk

4.2 Support Institutions

Regional Business Center (RBC) – Small & Medium Enterprises Development Authority (SMEDA)

Address: GBC Building, Aiwan-e-Iqbal Road, Trust Plaza, Gujranwala

Tel: + 92 055 3734600

Web: www.smeda.org.pk

Regional Office, Trade Development Authority of Pakistan (TDAP)

Address: 20-E, Satellite Town, Pasroor Road, Gujranwala

Tel: 055-9200138 - 9

Web: www.tdap.gov.pk

Regional Office, Punjab Small Industrial Corporation (PSIC)

Address: Small Industrial Estate No. 2, G.T.Road, Gujranwala

Tel: 055-4283074

Web: www.psic.gov.pk

Gujranwala Business Centre (GBC)

Address: Aiwan-e-Tijarat Road, Trust Plaza, Gujranwala

Tel: 055-9200868

Web: www.gbc.org.pk



5 SWOT Analysis of Cutlery Cluster, Wazirabad

Strengths	Weaknesses
<ul style="list-style-type: none"> • <i>Competitive prices (especially in Handmade products).</i> • <i>History of manufacturing (inherited skills), good-will of Wazirabad.</i> • <i>Presence of Cutlery & Small Tools Service Centre in Wazirabad.</i> 	<ul style="list-style-type: none"> • <i>Lack of market awareness; marketing tools and techniques; poor end-product packaging.</i> • <i>Primitive style of manufacturing; low level of technology (Manual/semi manual)</i> • <i>Monopoly of raw material providers; shortage & fluctuating raw material prices.</i> • <i>Lack of skilled labor</i> • <i>Poor quality; lack of standardized systems.</i> • <i>Less production & more wastage.</i> • <i>Non-cooperation/mistrust among SME's, lack of coordinated efforts.</i> • <i>Un-ethical business practices leading to price-cut competition.</i> • <i>Weak SME representation in cutlery association & poor flow of information.</i> • <i>Comparatively less services provided by the technical institutes.</i> • <i>Least focus on On-line marketing techniques.</i> • <i>Unwillingness to systemize production processes, the major hurdle in ISO & other certifications.</i> • <i>Highly rated utility bills.</i> • <i>Tax issues.</i>
Opportunities	Threats
<ul style="list-style-type: none"> • <i>Unexplored Tableware export markets such as Africa, Australia, Russia etc.</i> • <i>Import of raw materials at controlled prices.</i> • <i>Introduction of Automatic machinery as a Common Facility.</i> • <i>Social standards implementation & ISO certifications.</i> • <i>Possibility of product diversification; low end to high end (need product & market segmentation).</i> 	<ul style="list-style-type: none"> • <i>Proliferation of less-priced Chinese products in the market (esp., Tableware).</i> • <i>Regulations in USA After 9/11; conflicting laws and definitions of terrorism.</i> • <i>Cutlery smuggling from France, Germany, China etc.</i>

6 Major Issues and Problems

Following are the major issues restricting the growth and development of cutlery manufacturing cluster in the region:

Export / Tax Refunds: Long delays in tax / export refunds are striking the financial position of the cluster quite badly, hence pushing the financially stable industry into uncertainty.

Lack of Quality Assurance: There is no appropriate system for quality control of raw material and production process. Neither material analysis nor mechanical testing of products is carried out. Hence, variation in product quality persists. At all levels of work in process, the relevant foremen are responsible for keeping a check on quality on the behalf of their departments. After completion of the production process, different types of in-house tests are conducted for quality assurance purposes as well as meeting the buyer's requirements.

Technology: Wastage rate is high due to use of old and conventional technology. There is an urgent necessity to improve the value chain of cutlery manufacturers particularly in the areas of product quality, designing and technology to improve operational process. Following are some key technology related issues:

- High rate of waste of energy and materials.
- Higher rejection rates.
- Low production capacity.
- Lack of energy saver and efficient equipment.
- High rate of injuries to labor during work on manual machines.
- No covering on molten metal.

Cost of Doing Business: The cost of doing business is higher in Pakistan as compared to competitors due to expensive energy, under-utilized capacity of production, semi-mechanized equipment and old technology. It makes the industry less competitive to other nations; therefore, it is hard for local manufacturers to compete with the smugglers who smuggle units at hand in the export market.

Training and Development: There is a lack of technical training and courses offered by public or private institutions for developing the capabilities of the human capital. Industry has to altogether train individuals on job which affects productivity.

Energy Concerns: Electricity and gas constraints are of major concern to the industry as cost of doing business increases hence damaging the cluster productivity.

Human Resource: Most of the labor is semi-skilled and trained on job. TEVTA and other institutes in the region have not been conducting any specialized training for utensils industry. Due to lack of finance and infrastructural facilities at their end, the small companies can only afford to employ ordinary level workforce. Hence, at the initial stage, an entrepreneur has to work with relatively unskilled workers. Highly educated and skilled personnel do not prefer joining small and medium enterprises, as SME cannot afford their high remuneration demands.

High Tariff Rates: Other than modern and mechanized equipment and technology; high tariff rates and VAT on import of steel is a big challenge to the industry resulting in a decline in the production rate as well as achievement of significant breakthrough in the import of raw material and utensils' export.

7 Investment Opportunities in Cluster

Cutlery Cluster, Wazirabad is one of the promising and prominent industrial cluster in Punjab. 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.

There are Investment opportunities in the following business areas in Cutlery Cluster Wazirabad.

- Trading of Imported Raw Material
- Making of Damascus Bars
- Introducing Brands
- Import of Automatic Technology; Investment in Technology Upgradation and Process Improvement
- Air Freight Forwarding and Air Cargo Services
- Business Development Service Providers (BDSPs)