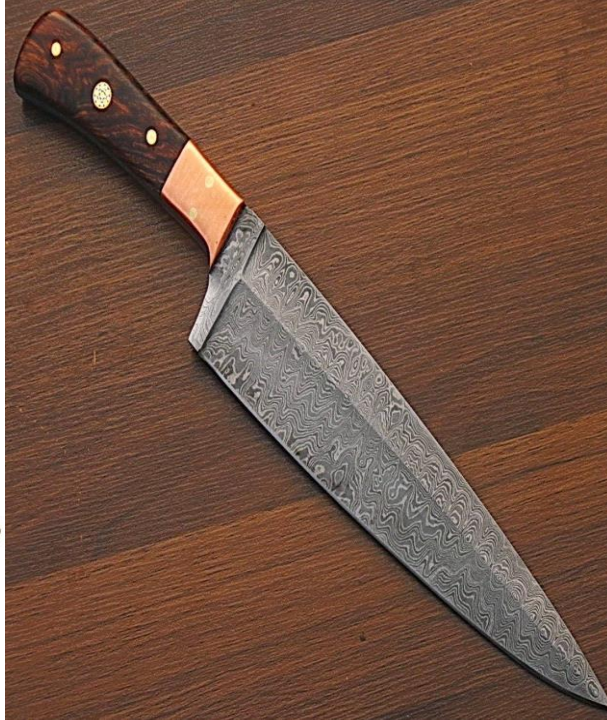


Maximizing the Export Potential of Wazirabad



The Urban Unit

Urban Sector Planning & Management Services Unit (Pvt.) Ltd.



Historical Presence of Cluster

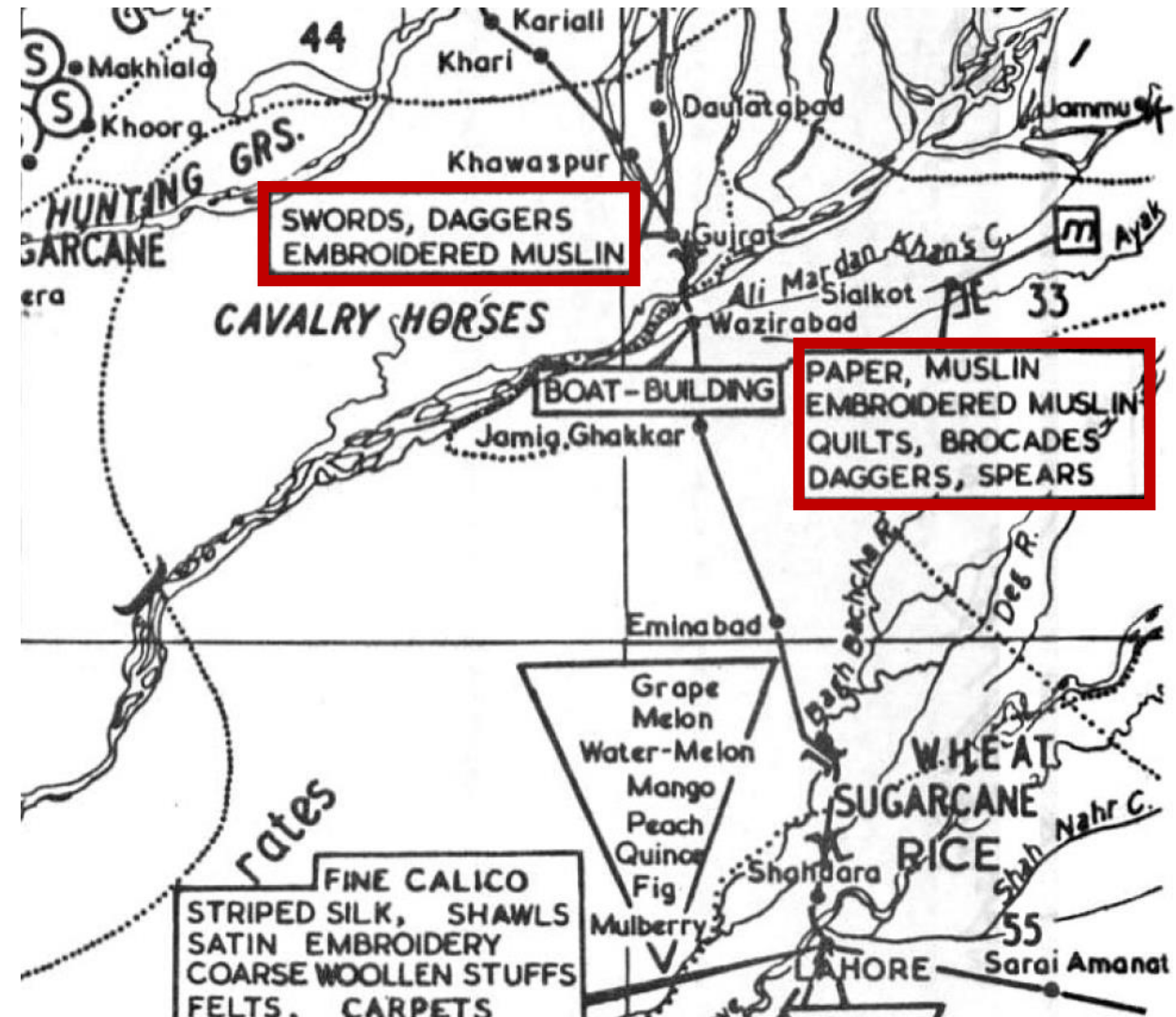
The origin of cutlery industry can be traced to the invasion of India by **Alexander The Great**.

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**.

The skilled craftsmen of Wazirabad **diversified their product** in different categories such as table cutlery, daggers, kitchen knives swords etc.

The British used to call Wazirabad as the **'Sheffield of India'**.

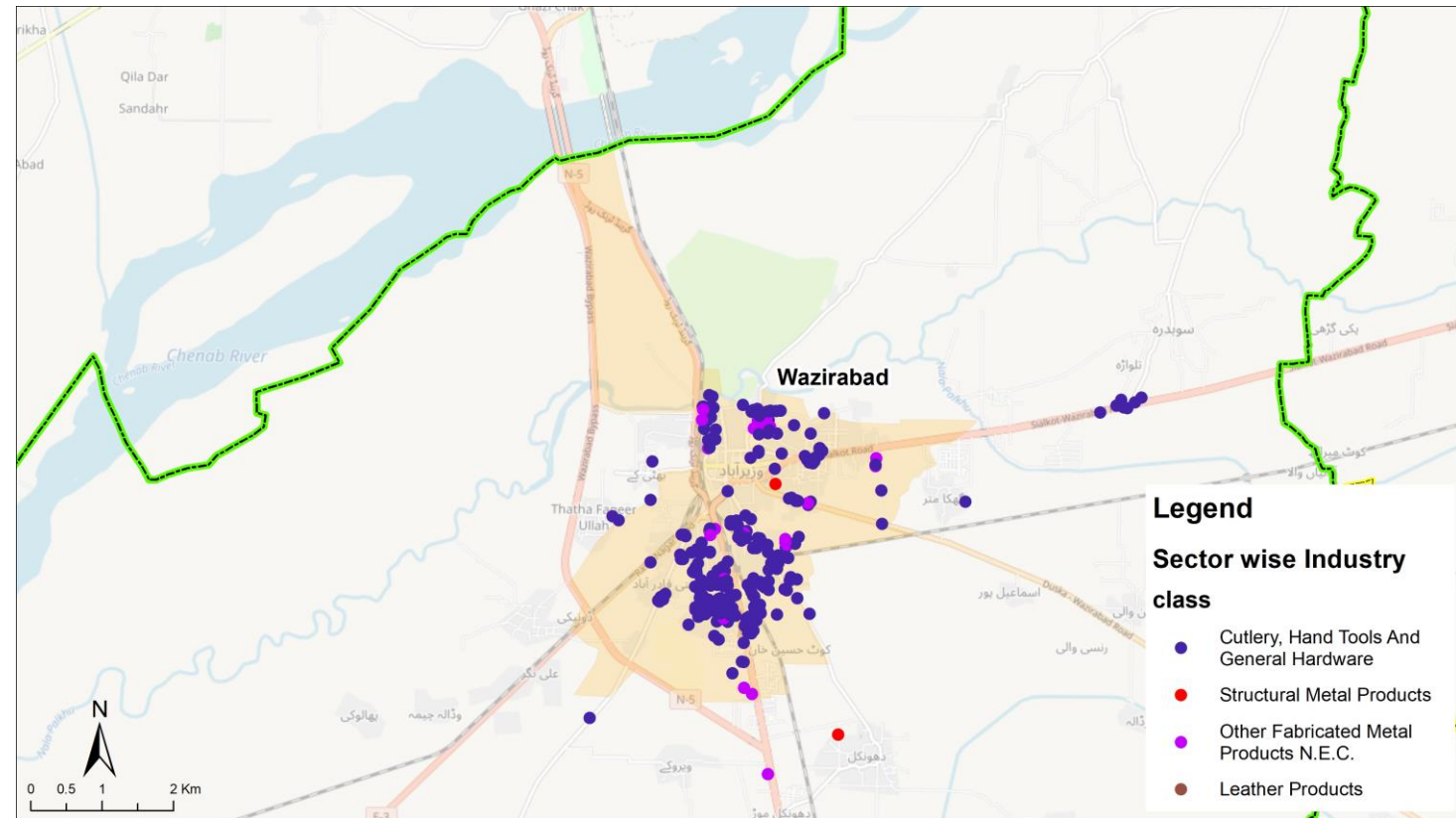
Year: 1595



Spatial Spread of Cluster

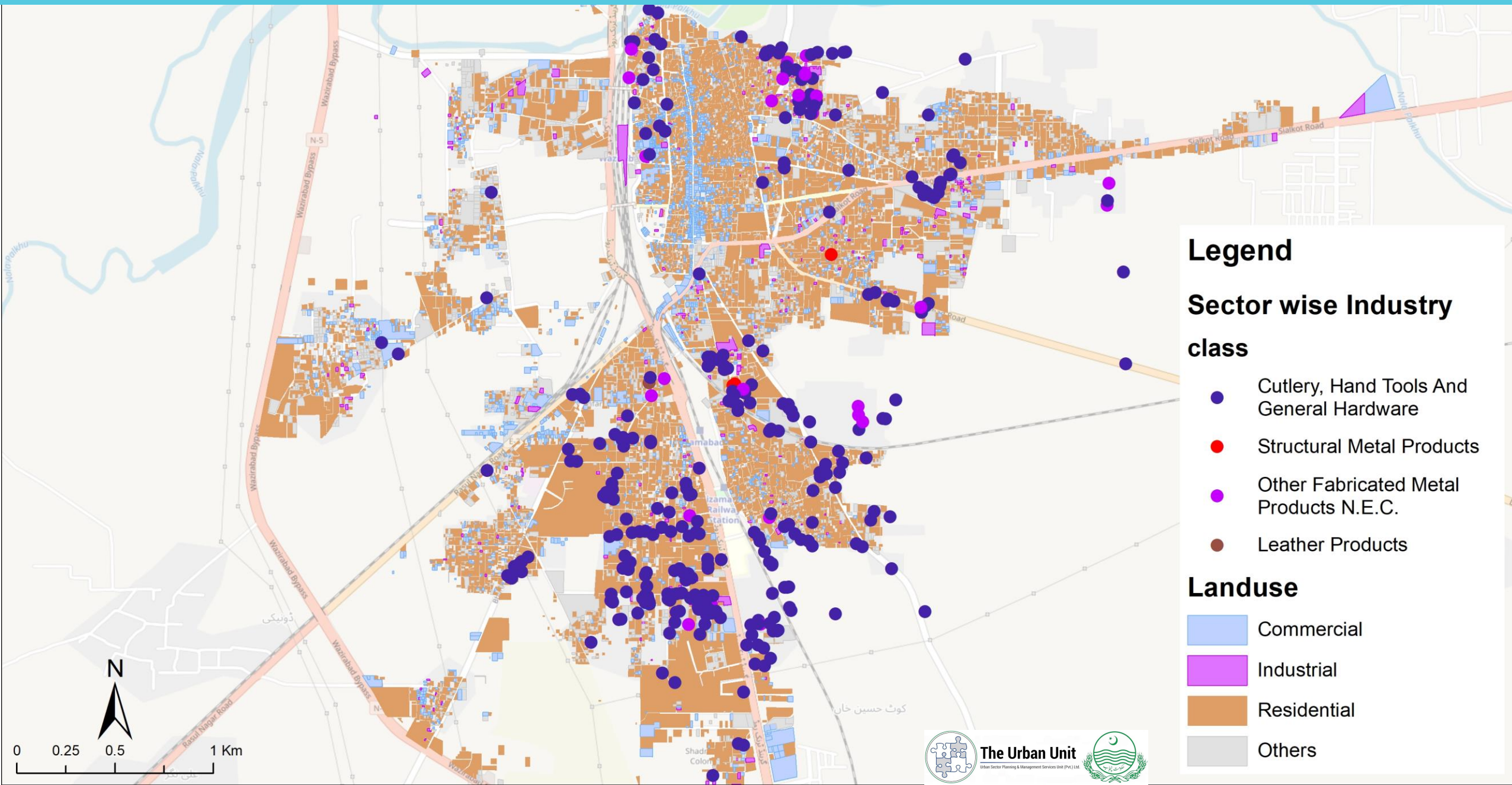
Spatially all the industrial units are located in the **populated residential area**, this was also observed during field visits that most of the units were established in **residential buildings**.

Sector	Status	Firms	Employment
Cutlery, Hand Tools And General Hardware	Finished Goods	411	5446
Intermediate Fabricated Metal Products	Intermediate product	30	303
Structural Metal Products	Intermediate product	4	37
Grand Total		445	5,786



- The fumes and the metal dust that are released in the air are injurious to human health and now population is facing issues of asthma and allergies

Spatial Spread of Cluster



Cluster Value Chain – Model & Value Added

Value Added



Steel
Iron
Alloys
Brass

Material
Imported/
ocal

Forging
&
Shaping

Milling &
Machining
hot

Rough
Grinding &
Tampering

Final
Grading
Fitting &
Polishing

Overheads
and Packing

E-commerce
Domestics
Exports

In House

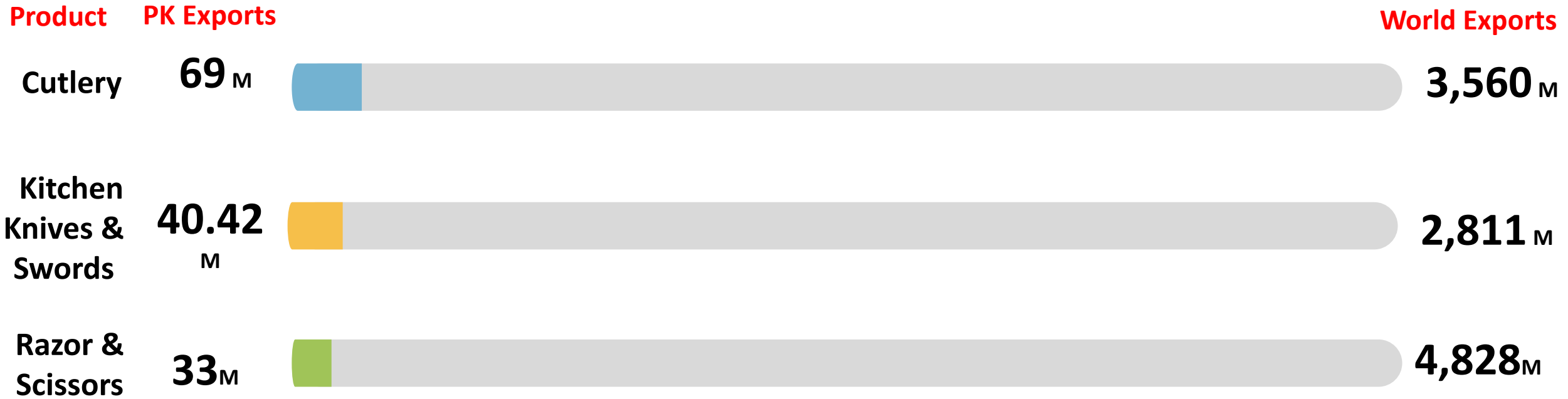


Outsourcing



Estimated Production Numbers						
HS Code	Product	Export \$Million 2020-21	Estimated Units Exported	Exports Billion PKR	Estimated Production/PA (Billion PKR)	Estimated Production/PM (Billion PKR)
8215	Spoon forks	2	4,000,000	0.35	1.75	0.15
8211	Knives	40	4,000,000	7.00	17.50	1.46
8212	Razors	18	4,500,000	3.15	4.50	0.38
8213	Blades	15	5,000,000	2.63	10.50	0.88
8214	Cutlery and Manicure clips	67	13,400,000	11.73	46.90	3.91
9307	Swords	0.42	42,000	0.07	0.07	0.01
		142.42	30,942,000	24.92	81.22	6.77

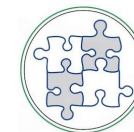
International Market Segmentation



\$142.42 M

Through e-commerce, marketing and improved infrastructure for MSME's Wazirabad can raise the exports to 500 M \$ in two years































\$11,286 M



The Urban Unit
Urban Sector Planning & Management Services Unit (Pvt.) Ltd.

































World Major Exporting Players (2019-20)

	World Exports Billion USD						Others
8215 Cutlery	2.5						16.6%
		68.2%	6.1%	4.9 %	2.3%	1.9%	
8214 Knives & Daggers	1						21.2 %
		61.2%	7.2%	5.2%	3.1%	2.1 %	
8213 Scissors	0.903						17 %
		66%	6.7%	4%	3.6%	2.7%	
8212 Razor & Blades	4						39 %
		21.9%	10.6 %	10.3%	9.9%	8.2%	
8211 Cutting Blades	2.7						26.2 %
		47.8 %	11.1%	5.8%	4.6%	4.5%	
9307 Swords	0.53						64.9 %
		26.8%	20.5%	10.7%	10.2%	7.4%	

China is the lead market player in exports

World Major Importing Players (2019-20)

	World Imports Billion USD						Others
8215 Cutlery	2						51
		30%	8.1%	4.1 %	3.8%	3%	
8214 Knives & Daggers	0.862						60.7
		22.2%	7%	3.9%	3.2%	3 %	
8213 Scissors	0.693						55.2
		23.8%	7.4%	6.2%	3.8%	3.6%	
8212 Razor & Blades	4.2						61.9
		18.8%	6 %	5.1%	4.3%	3.9%	
8211 Cutting Blades	2.7						45.6
		33 %	9.4%	4.3%	4%	3.7%	
9307 Swords	0.55						35
		36.9%	9.9%	7.9%	6.2%	4.1%	

U.S.A & Germany are the import destinations

Cutlery & Kitchen Utensil Manufacturing industry in China

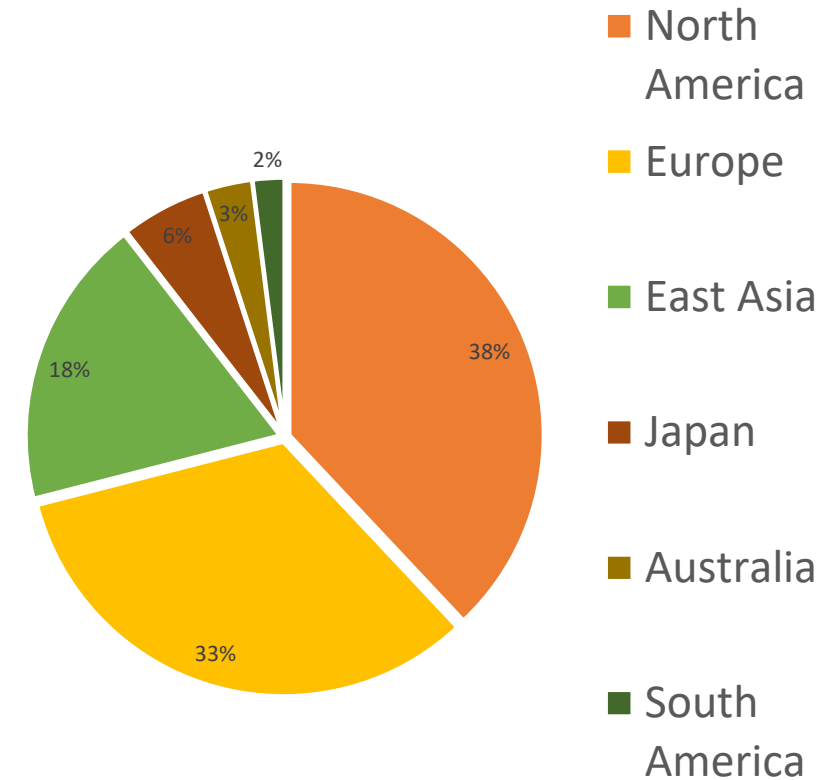
Biggest companies

- Supor Group Co., Ltd.
- Zhejiang ASD Co., Ltd.
- China Nanlong Group Co., Ltd.
- Meyer (Zhaoqing) Metal Products Co., Ltd.
- Guangdong Linkfair Group Co., Ltd.

Employment

- Approximately **one million** people are employed
- Of these, close to 50,000 people work in the international trade portion of the industry as well.

Export Destinations

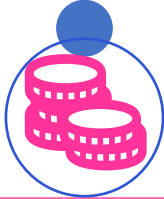


Why Yangjiang City and Chinese knives are some of the best available across the world?



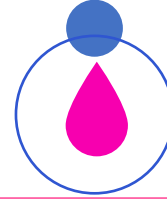
Production Hub

1400 years old history. produce over 3,500 different types of knives and scissors



Monetary Contribution

Total net value exceeds 55 billion RMB.



Contribution in Nation Economy

Accounts for 70 percent of China's output of knives and scissors.



export volume breakdown

- 85 percent of the total in China
- 70 percent are OEM
- 25 percent are ODM
- Five percent are OBM

China's Knife Industry in Yangjiang City- Other Highlighted Features

1. Exhibition Fairs

- The China (Yangjiang) International Hardware Knives and Scissors Fair is the largest of its sort dealing specifically with this niche industry. The fair is held annually in October and has been since 2012.

2. Port and airports

- Sourcing Nova and its head offices are in Shenzhen, the home of Yantian Port.
 - From Yangjiang to Yantian Port is 370 km (230 miles).
 - The close proximity means products can leave the factory and arrive in Yantian Port within a single, work day.
 - Cargo is then exported internationally by ocean freight shipping.
- Yangjiang City to Shenzhen Baoan Airport is even closer for products with a higher value and profit margin.
 - The distance of 267 km (166 miles) means products can be sent by air and arrive in destination countries with even greater efficiency.

3. The Wholesale Market.

- The Yangjiang International Hardware Knives and Scissors Trade City is the leader in the wholesale knife and scissors market.

China's Knife Industry in Yangjiang City- Other Highlighted Features

4. Inspection agency

- The National Knives, Scissors and Commodity Metal Tools Quality Supervision and Inspection Center was created in 2008 with the approval of the General Administration of Quality Supervision, Inspection and Quarantine.
- The agency carries certifications from various and relevant national departments and oversees the establishment of local inspection standards.

5. Industry Association

- The Yangjiang Hardware Knives and Scissors Industry Association is the most well known of the associations and is a key participant in establishing industry standards.
- Additionally, the association promotes other facets of the overall industry: trends – domestic and international, brands of the more established countries, share supply and demand information and talent recruitment.

China's Knife Industry in Yangjiang City- Other Highlighted Features

6. Industry standardization

- It was in 2012 that the Knives and Scissors of Standardization of Guangdong Province was formed under the direction of the Guangdong Provincial Bureau of Quality and Technical Supervision.
- Their primary duty is overseeing the technical side of standardization of knives and scissors in the province and provide a strong technical support role.

7. Government support

- The knife and scissors industry is a pillar industry of Yangjiang City and the surrounding areas, helping drive the economy of the region.
- The government benefits from a strong tax base, foreign exchange income, low unemployment and above average wages.
- In return, the government provides special development funds from the annual budget, provides scaffolding for corporate services, established and maintains a product trading platform and an international marketing network for the knives and scissors produced.

Certification Body - LFGB Test

The initial testing of **samples and materials**:

- **Odour and taste** transfer of sensory evaluation for these food contact materials.
- **Plastic sample (PVC, PE, PP, PS, PA, ABS, PC, PET, POM, PU, TPU, etc.)**: You can transfer component testing, and the testing of heavy metals can be precipitated.
- **Metal & Metal alloy**: composition and precipitation of heavy metals can be tested.
- **Silicone resin**: can be transferred or volatile organic compounds test.
- **Special Materials**: According to German law test chemical hazards of chemicals, such as baking paper, wood, ceramic, polymer coating, Rubber, Melamine, etc

Certification Body - LFGB Test (Contd.)



- The knife and fork sign is a food safety sign.
- On the daily necessities that come into contact with food, if there is a knife and fork mark, it means that the product has passed the test and meets many German and European standards, and meets the requirements of the German LFGB regulations.
- Sales in European and American markets.

- To meet international standards for cutlery trade LFGB certification is an important initiative.
- In September 2005, the German new food and dietary products law LFGB replaced the original food and daily necessities law LMBG.
 - It is also known as the "Food, Tobacco Products, Cosmetics and Other Commodities Management Law".
- LFGB is the guiding act for Germany's hygiene regulations and regulates the food and food-related products' safety standards in the country.
- **All the foodstuffs and food-related products are required to pass the corresponding tests** and be compliant with LFGB in order to be put in the German market.

Certification Body - LFGB Test (Contd.)

Testing Facilities Including:

- Overall and specific migration of monomers, additives and heavy metals found in plastic materials
- Volatile organic compounds found in silicones
- Metal materials composition

Services in combination with food contact testing and certification include:

- Designing testing programs tailored to international buyers
- Strong technical support for customer inquiries
- Continuous expansion of our global scope of FCM testing services
- Technical advice relevant to failed tests results when possible
- Seminars and training
- Declaration of Compliance (DoC) services
- Non-intentionally added substance (NIAS) screening
- Good manufacturing practice (GMP) audit

Local Dynamic in Pakistan of Cutlery Sector

Market Analysis Based on visit to following location within Lahore city

- Shah Alam Market
- Anarkali Bazar
- Imtiaz Grocery Store
- AL Fateh Super Mart

85% of Production in Wazirabad

RAW MATERIAL
60 % FROM CHINA
40% LOCAL

25% Import
75% local
production

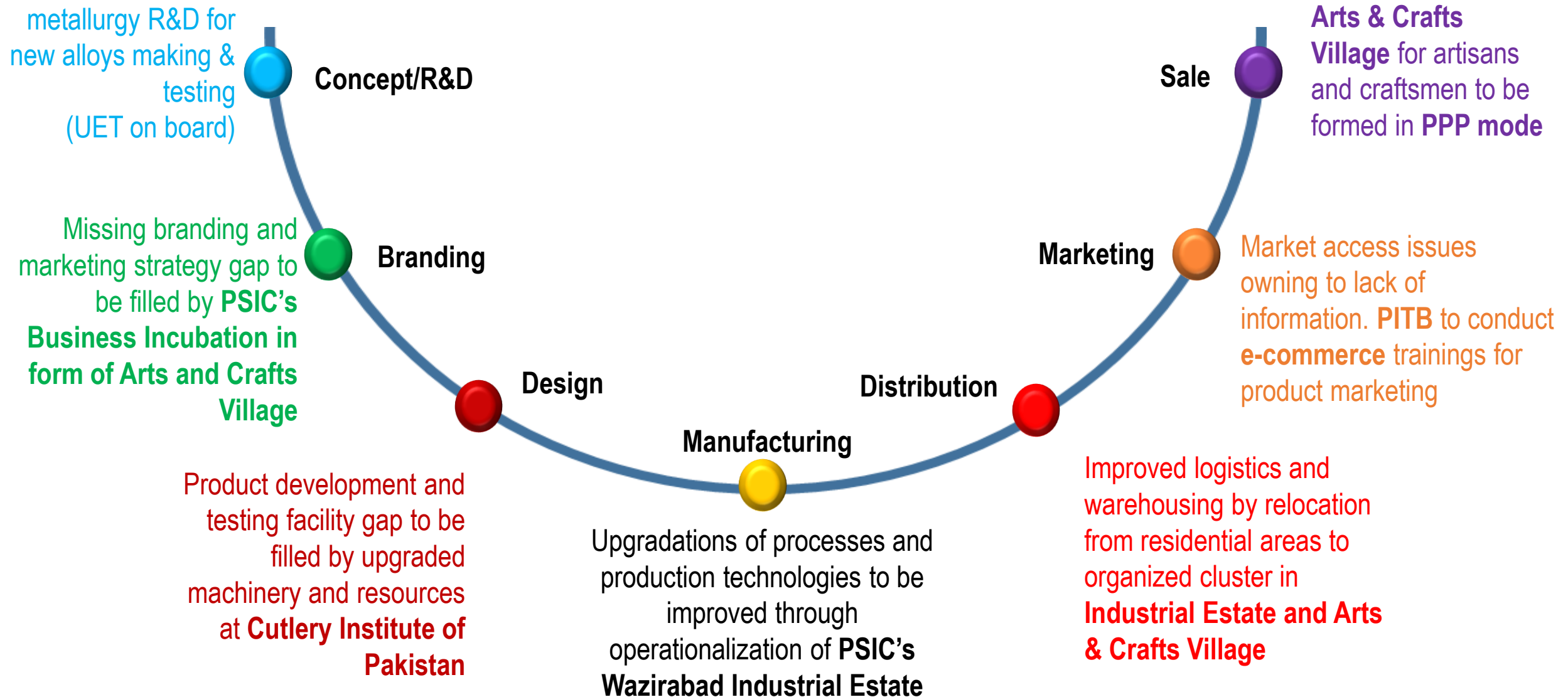


Wholesale All Over
Pakistan

Price Differences

Country	25 pcs	25pcs	45 pcs	45pcs
Pakistan	2500	3500	5500	8500
China	4500	6500	9500	12500
Germany	19000	25000	39000	41500

Issues along Cluster Value Chain



Issue	Concerns	Current Status	Proposed Intervention	Dept
Non -Operational PSIC Wazirabad	<ul style="list-style-type: none"> Export Compliance Order Cancellation Livability Issue 	<ul style="list-style-type: none"> PC-I Approved amount Paid Electrification is in progress 	<ul style="list-style-type: none"> Grant of PKR 350 Million Immediate allotment of plots 	<ul style="list-style-type: none"> ICI&SDD PSIC
Platform for small craftsman	<ul style="list-style-type: none"> High cost to setup facility for craftsman Less number of new entrepreneurs 	<ul style="list-style-type: none"> Urban Unit is working on PC-II for this project 	<ul style="list-style-type: none"> Establishment of New Art & craft Village 	<ul style="list-style-type: none"> P&D Board ICI&SDD
Missing Common Facility	<ul style="list-style-type: none"> Lack of Innovation & R&D 	<ul style="list-style-type: none"> Facility is closed since 2014 	<ul style="list-style-type: none"> Operationalizati on of CIP 	<ul style="list-style-type: none"> ICI&SDD
Lack of E-Commerce training facilities	<ul style="list-style-type: none"> Export at low value sales to middleman 	<ul style="list-style-type: none"> Departments are working to design new trainings 	<ul style="list-style-type: none"> E-Commerce Trainings 	<ul style="list-style-type: none"> PSDF PITB TEVTA

Projects and Programs for Value Chain Development



	Concept / R&D	Branding	Design	Manufacturing / Production	Distribution	Marketing
Operationalization PSIC Wazirabad				✓		
New Art & craft Village	✓	✓	✓	✓	✓	✓
Operationalization CIP	✓	✓	✓			
E-Commerce Trainings					✓	✓

Operationalization of PSIC Wazirabad Industrial Estate

Issues due to non-Operationalization

- Export compliance
- Order cancellations due to lack of certifications
- Environmental issues
- Urban livability issues
- Sector specific ownership of project

Current Status of Projects

- **100% civil work completed**
- **Electrification is in process**
- **Gas connections application submitted by PSIC; demand notice awaited**
- **Current demand for 100% operationalization is PKR 350 Million by PSIC.**

Immediate Actions Requested by Association

Grant of 350 Million PKR from government, 50% refundable by allottees within 3 years

Immediate possession of plots to allottees who has paid the initial amount of PKR 1.560 Million as per approved PC-1 2018

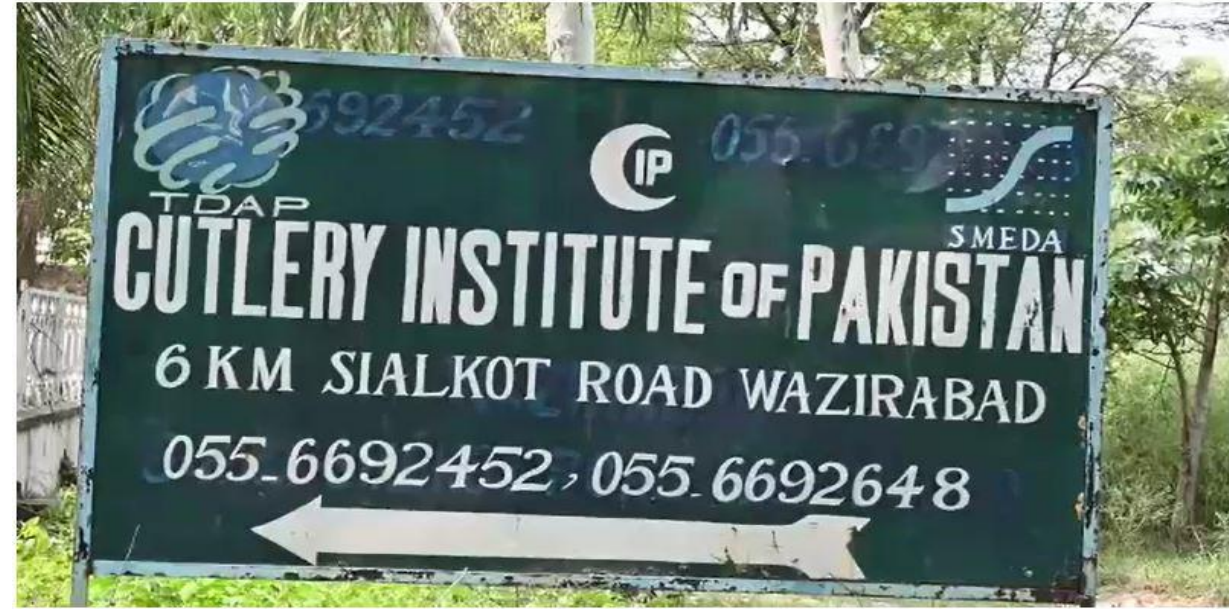
Cutlery Arts and Crafts Village *(Estimated Cost: PKR 1 Billion)*



- 1 Display Center
- 2 Admin Block
- 3 Business Center
- 4 Design Tower
- 5 Tableware production workshops
- 6 Knives & Swords production workshops
- 7 Raw materials storage
- 8 E-Business center
- 9-10 Metallurgy lab & Forging
- 11 Warehouse
- 12 Certification Body

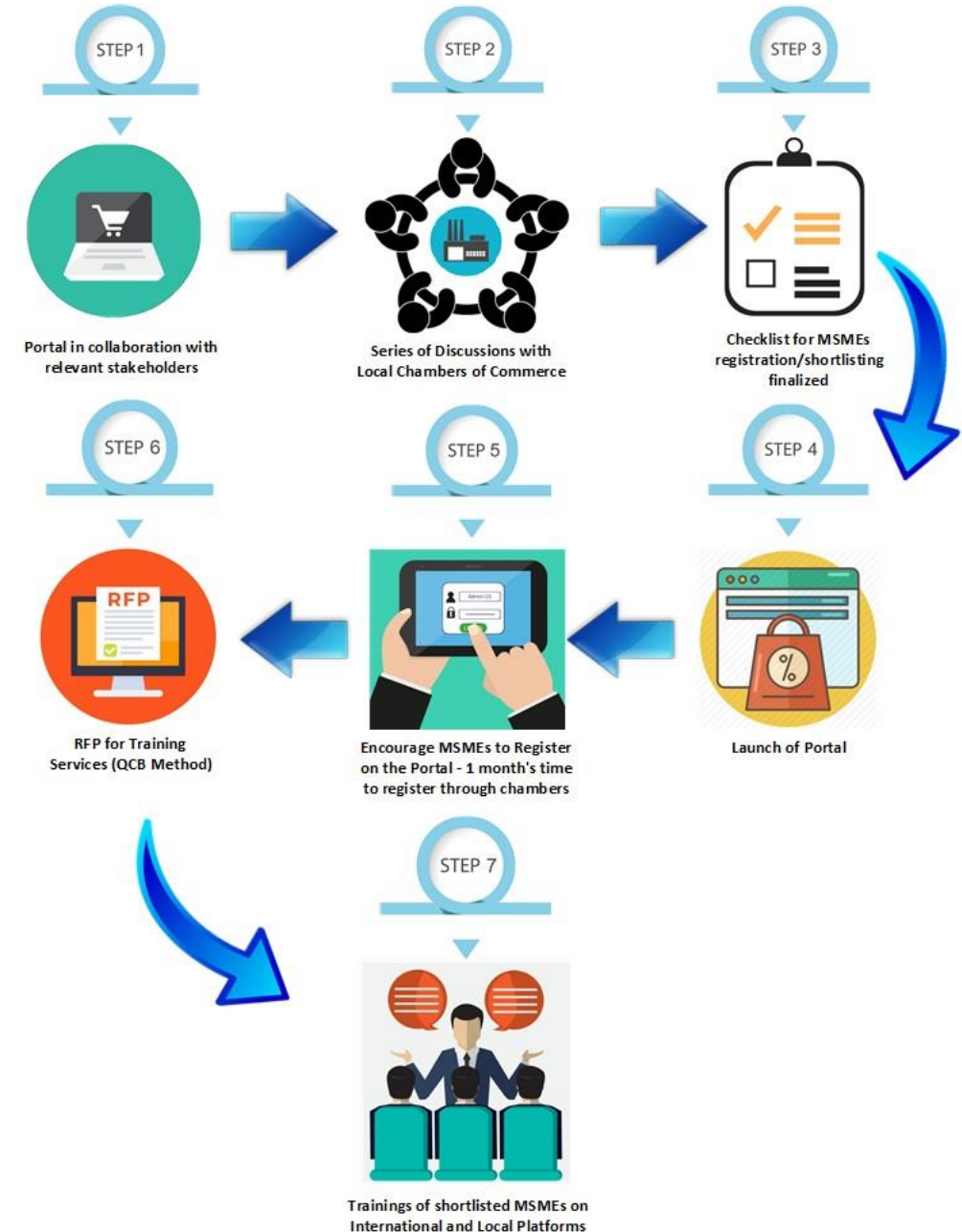
Operationalization of Cutlery Institute of Pakistan

- Institute was established through Export Development Fund and handed over to Trade Development Authority of Pakistan & SMEDA
- Institute is closed since 2014 due to shortage of funds
- TUSDEC is running such common facilities, association requested to hand over this project to TUSDEC



E-Commerce Trainings

- Initially a training was organized by USAID & TEVTA that attracted the good number of new entrepreneurs and targeted the end consumers, resulting in significant increase in revenue.
- Association requested for regular sector specific trainings
- PITB is already working on PC-1 for trainings of E-Commerce for whole of Punjab
- Following e-Commerce training courses have been tentatively selected based on desk research and consultation with private sector stakeholders engaged in e-Commerce domain:
 - e-Commerce Essentials
 - Amazon FBA VA Mastery
 - Amazon Private Label Boot Camp
 - Amazon Wholesale Boot Camp
 - Become eBay Seller
 - Virtual Assistant to Amazon, Daraz, eBay



THANK YOU



The Urban Unit

Urban Sector Planning & Management Services Unit (Pvt.) Ltd.



Stakeholders Consultation

Representative of the following departments visited Pakistan Cutlery and Stainless Utensils Manufacturers and Exporters Association office on December 06, and 13, 2021 for consultation.

- The Urban Unit,
- Public Private Partnership Authority,
- TEVTA,
- Punjab Information Technology Board
- Punjab Small Industries Cooperation



First meeting with Chairman P&D 30-12-2021

- After the consultative session with the government departments, association wrote letters to universities for collaboration in R&D for metallurgy.
- These letters were also copied to Advisor to CM office and chairman P&D office.
- In response to letter, chairman called the meeting with association, UET university and other stakeholders.
- UET will collaborate with cutlery association to develop efficient and environmental friendly techniques of production.
- Urban Unit presented the preliminary study and highlighted the identified issues.
- Chairman instructed the following
 - Industries department to come up with solution for issues related to PSIC & CIP
 - Member PSD was instructed to intervene and resume the trainings in collaboration with PSDF
 - Next meeting to be convened within two weeks for update