

# Pakistan Institute of Trade and Development



Pakistani Cutlery Industry

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The Cutlery sector consists of small scale enterprises centered in and around Wazirabad. Although the industry itself is small it relies on inputs from/services of the following industries: steel, wood, leather, casings and machine vendors. According to Pakistan Cutlery and Stainless Utensils Manufacturers and Exporters Association for every one job created in the cutlery sector 3 jobs in other allied industries

Table 1 below summarizes the key characteristics of Pakistan's cutlery and hunting equipment industry:

Table 1:

Characteristic	Value
Contribution to GDP	0.11%
Direct employment	10-15,000 persons
Share in manufacturing sector employment	0.20%
Contribution to exports	0.25%
Production quantity	3 million pieces cutlery 1.2 million knives, swords, daggers
Total production value	Rs 6 billion

## Indian Cutlery Sector

Cutlery sector is one of the fastest growing sectors and the increasing demand for its various products throughout the world makes it all the more lucrative. Brands like Art D'nox, Magppie, Awkenox, etc. are some of the best known brands in Indian market which have entered in the niche segment of cutlery, which is an indicator of its high potential in the market. Although most of the Indian Cutlery manufacturers are mainly of Micro, Small and Medium Enterprise (MSME) category but it has high potential of meeting customer-specific demands in the market. But on the other hand the SME sector of this industry still does not employ technically qualified personnel with a global perspective involved in production, designing, distribution, marketing or advertising of its products.

Major cutlery manufacturing clusters in India are:

- Firozabad/New Delhi (Carving knife, Fork, Knife, Peeling knife, Spoon, Spork, Tongs)
- Mumbai (Fork, Knife, Peeling knife, Carving knife, Spoon)
- Kolkata (Spoon, Tongs, Knife, Peeling knife, Carving knife)
- Chennai (Fork, Tongs, Knife, Peeling knife)

The growth rate estimations for labour and capital productivity along with Total Factor Productivity Growth is shown in the below mentioned table. Growth rate estimations reveal that for the period 1999-00 to 2005-06 capital productivity showed positive and substantial growth except for two

years 2001-02 and 2004-05. Average growth rates computed for this time period 1999-00 to 2005-06 show positive capital productivity and negative labour and total factor productivity growth rates. This indicates that the investment in technology has not been generating proportionate increase in productivity.

<b>Year</b>	<b>Capital Productivity Growth</b>	<b>Labour Productivity Growth</b>	<b>Total factor Productivity Growth</b>
1999-00	--	--	--
2000-01	88.68	8.82	-43.40
2001-02	-25.16	-12.25	19.30
2002-03	31.59	4.92	-14.92
2003-04	42.74	1.31	-31.56
2004-05	-5.92	-15.09	-1.85
2005-06	42.50	-5.70	-19.80
<b>Average for the Period 2000-2005</b>	<b>29.07</b>	<b>-3.00</b>	<b>-15.37</b>

*Source: Economic Service Group, National Productivity Council (India)*

## **Pakistan and India Cutlery Exports**

Pakistan's total export of cutlery items in 2011 was US\$84.2 million. A majority of Pakistan's exports were concentrated in the HS 8214<sup>1</sup> whose exports were US\$ 55 million. Exports under this category have shown a substantial increase since 2009 rising from US\$ 25 million to the current level of US\$ 55 million. This rise was the result of higher exports to all of Pakistan's major markets. Pakistan's major export partners were: the USA accounting for 31.9% of all exports in this category, Brazil 9%, Italy 9%, Germany 7.4% and UK 4%.

The largest exporter of these products in the world is China with a 52% share of the world market and exports of US\$ 504 million. The second largest exporter is Germany with a share of 10.2% of the world market. Pakistan was the third largest exporter with a share of 5.8%. India with exports of only US\$6.6 million had a share of 0.7% of the world market.

The other main export product in this category, for Pakistan, is HS 8211<sup>2</sup> with exports of US\$9.59 million. The world market for this product is US\$ 2.1 billion with the largest exporter being China with a share of 37.9% and an export value of US\$ 822 million. Germany was the second largest exporter with a

<sup>1</sup> HS 8214—Articles of Cutlery nes. Including mainly manicure and pedicure sets and instruments (including nail files).

<sup>2</sup> Knives with Cut blades

share of 12.8% of the market and Switzerland ranks third with a share of 8.2% of the market. Pakistan has a share of only 0.4% of the world market whereas India had a share of just 0.1%.

Imports of Pakistan, for this category were US\$ 18.5 million. Out of these the largest product sub-category was HS 821210<sup>3</sup> with imports of US\$8.1 million.

<b>Pakistan Exports and Imports of Cutlery Items in 2011 (US\$ 000)</b>			
<b>HS Codes</b>	<b>Description</b>	<b>Pak Exports to World</b>	<b>Pak Imports from World</b>
732393	Table and kitchen items of stainless steel	4781	1306
8208	Knives and cutlery blades	486	54 41
8211	Knives with cutlery blades serrated not in 8202	9597	441
821210	Razors	4884	8118
821220	Safety razor blades	7630	533
8214	Articles of cutlery nes	55199	1845
8215	Spoons, forks, ladles, cake servers fish knives etc.	1086	786
9307	Swords, cutlasses and bayonets	442	0
9507	Fishing and hunting equipment	162	62
<b>Total</b>		<b>84267</b>	<b>18532</b>

Source: Trade Map

India's exports of cutlery items to the world were valued at US\$ 377 million whereas imports were US\$ 116 million. These exports were dominated by one major sub-category HS 732393<sup>4</sup> exports of which were US\$196 million. It should be noted that this was not a major export category for Pakistan's which exported just US\$ 4.7 million and imported US\$ 1.3 million of the same product. This shows that Pakistan's domestic production was sufficient to meet demand.

Other sub-categories exported by India include: HS 821210Razors with exports of US\$ 50.1 million and HS 8215<sup>5</sup> with exports to US\$ 45.5 million.

<b>Indian Exports and Imports of Cutlery Items in 2011 (US\$ 000)</b>			
<b>HS Codes</b>	<b>Description</b>	<b>India Exports to World</b>	<b>India Imports from World</b>
732393	Table and kitchen items of stainless steel	196316	7104
8208	Knives and cutlery blades	25786	51897
8211	Knives with cutlery blades serrated not in 8202	1571	5701

<sup>3</sup> Razors.

<sup>4</sup> Table and kitchen items of stainless steel

<sup>5</sup> HS 8215 – Spoons, forks, ladles, cake servers, fish knives etc.

821210	Razors	38967	3602
821220	Safety razor blades	50117	31090
8214	Articles of cutlery nes	6624	8263
8215	Spoons, forks, ladles, cake servers fish knives etc.	45508	6629
9307	Swords, cutlasses and bayonets	2794	1
9507	Fishing and hunting equipment	9677	2208
<b>Total</b>		<b>377360</b>	<b>116495</b>

Source: Trade Map

## Pakistan—India bilateral trade

Bilateral trade between Pakistan and India, in cutlery items is summarized in the table below. Pakistan was exporting only HS 8214 with a value of just US\$ 90,000. Pakistan's imports, from India, were only US\$ 111,000 and comprised solely of HS 8208. This can be explained by the fact that Pakistan has placed most of these items on the negative list for trade with India.

Pakistan-India Bilateral trade 2011 (US\$ 000)						
HS Codes	Pak Exports to World	Pak Imports from World	Pak Exports to India	Pak Imports from India	India Exports to World	India Imports from World
732393	4781	1306	0	0	196316	7104
8211	9597	441	4	0	1571	5701
8208	486	5441	0	111	25786	51897
821210	4884	8118	0	0	38967	3602
821220	7630	533	0	0	50117	31090
8214	55199	1845	86	0	6624	8263
8215	1086	786	0	0	45508	6629
9307	442	0	0	0	2794	1
9507	162	62	0	0	9677	2208
<b>Total</b>	<b>84267</b>	<b>18532</b>	<b>90</b>	<b>111</b>	<b>377360</b>	<b>116495</b>

Source: Trade Map

## Status in SAFTA

Cutlery products and hunting equipment are not included in India's SAFTA sensitive list. The following codes are included in Pakistan's sensitive list for SAFTA: 8211 and 8208. Pakistan has included most of the codes for this sector in the Negative List for trade with India. These codes are:

HS CODE	DESCRIPTION
73239300	-- Of stainless steel
82111000	-Sets of assorted articles
82119100	-- Table knives having fixed blades
82119200	-- Other knives having fixed blades
82119400	-- Blades
82121000	-Razors
82122000	-Safety razor blades, including razor blade blanks in strips
82129000	-Other parts
82141000	-Paper knives, letter openers, erasing knives, pencil sharpeners and blades therefor
82142000	-Manicure or pedicure sets and instruments (including nail files)
82149000	-Other
82151000	-Sets of assorted articles containing at least one article plated with precious metal

## Tariffs and Para Tariffs

Indian tariffs and para tariffs on cutlery items are as follows:

HS Code	Description	Tariffs	Adl.CVD	Special CVD	Custom Cess
73239310	Pressure cookers of stainless steel	12	6	4	3
73239390	Other	12	6	4	3
82081000	Knives and cutting blades for machines or for mechanical appliances for metal working	12	12	4	3
82082000	Knives and cutting blades for machines or for mechanical appliances--Kitchen Appliances	12	12	4	3
82083000	Knives and cutting blades for machines or for mechanical appliances for wood working	12	12	4	3
82084000	Knives and cutting blades for machines or for mechanical appliances for agricultural or horticultural machines	12	12	4	3
82111000	Knives with cutting blades serrated or not	12	12	4	3
82119100	Table knives having fixed blades	12	0	4	3
82119200	Other knives having fixed blades	12	0	4	3
82121010	Razors--twin type shavings	12	12	4	3
82121090	Other	12	12	4	3
82141010	Paper knives, letter openers, erasing knives	12	12	4	3

82141090	Other	12	12	4	3
82151000	Spoons, forks, ladles, skimmers, cake servers, fish knives etc.	6	6	4	3
82152000	Spoons, forks, ladles, skimmers, cake servers, fish knives etc.	6	6	4	3
82159100	Spoons, forks, ladles, skimmers, cake servers, fish knives etc.	6	6	4	3
82159900	Spoons, forks, ladles, skimmers, cake servers, fish knives etc.	6	6	4	3
93070000	Swords, bayonets, lances	12	12	4	3
95071000	Fishing rods	12	12	4	3
95072000	Fishing hooks	12	12	4	3
95073000	Fishing reels	12	12	4	3
95079010	Fish landing and butterfly nets	12	12	4	3
95079090	Other	12	12	4	3
<i>Source: CBEC and EXIM Guru</i>					