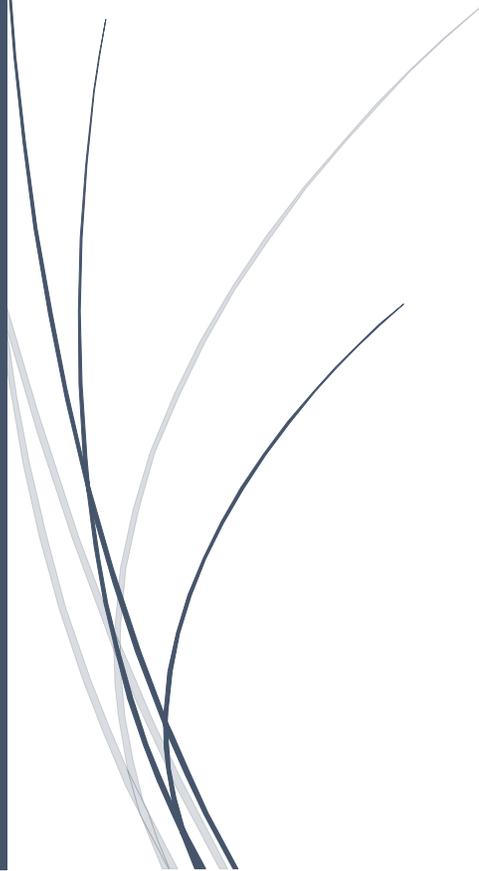




5/2/2019

Product Report Sports Goods

Market Research Report: Sports goods exports of
Pakistan



Arbab M. Murad Khan
TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

ACRONYMS

AAGR: Average Annual Growth Rate

ASEAN: Association of South East Asian Nation

CST: Central Sales Tax

CE: French acronym “Conformity Europeenne”

CLEP: Child Labor Elimination program

EDF: Export Development Fund

ECI: Exports competitiveness Index

EU: European Union

FIFA: Federation International Football Association

FTA: Free Trade Agreements

FOB: Free on board

FTA: Free Trade Agreement

GDP: Gross Domestic Product

GVC: Global Value Chain

GSP: General scheme of preference

HS: Harmonized system

ILO: International Labor Organization

IPEC: International programmed for Elimination of Child Labor

IMAC: Independent Monitoring association for Child

ISO 9000: International Standard Organization

ITC: International Trade Center

PVC: Polyvinylchloride

PV: Polyurethane

PSGMEA: Pakistan Sports Goods Manufacturing and Exporters Associations

QC: Quality Certification

R&D: Research and Development

RMG: Ready Made Garments

SCCI: Sialkot Chamber of Commerce

SA8000: Social Accountability

SIDC: Sports Industrial Development Center

SWOT: Strengths, Weaknesses, Opportunities and Threats

SME: Small & Medium Enterprises

TBT: Trade Barrier for Trade

TRTA: Trade Related Technical Assistant

UNIDO: United Nation industrial Development Organization

USD: United State Dollar

VAT: Value Addition Tax

Executive Summary

This report provides a detailed outline of the Sports Goods exports of Pakistan, its market trends, prevailing issues and challenges faced by this industry. It illustrates the share of Sports Goods in the total exports of the country for the period of 2013 to 2017. Further, it highlights the major Sports Goods exports of the country at HS 06 code in order to identify potential products for prospective market opportunities. Beside this, it provides a snapshot of the Sports Goods cluster that includes; Hardcore Sports Goods, Gloves & Mitten and Sportswear's.

Moreover, Inflatable balls at HS 06 (950662) was selected for detail analysis based on the rationale that Pakistan has a comparative advantage in this product, and it accounts for 77 per cent of hardcore Sports Goods exports of the country. This product exclusively accounts for 10.64 per cent of the overall exports of Sports Goods cluster in the year 2017.

Additionally, this report analyzes the Sports Goods cluster in general and inflatable ball in particular for their potential markets in the world, which is also aided by the value chain and SWOT analysis of inflatable ball industry in Pakistan. Further, this study identifies our competitor of inflatables in the world, their comparative advantage and market strategies. Lastly, an overview of the Soccer ball industry is incorporated to highlights its manufacturer procedure as an insight to our industry. In addition to this, the report also presents possible future prospects for the inflatable ball industry of Pakistan.

Keywords: Sports Goods, Soccer balls/ Footballs, Hardcore sports goods, Sportwear's and Protective sports goods

List of Tables

Table 1 HS code of Sports Goods cluster in various chapters.....	3
Table 2 Global Sports Goods exports, Market share & Ranking.....	6
Table 3 List of top importing countries of Sports Goods, Pakistan's share and its competitors	7
Table 4 List of Pakistan's top Sports Goods AAGR comparison with Global AAGR in the year 2013-17	8
Table 5 List of filter Sports Goods product, its top markets & competitors.....	10
Table 6 Pakistan-World Sports Goods complementarity analysis	11
Table 7 Sports Goods cluster, its potential markets & competitors.....	12
Table 8 Five years exports of Sports Goods cluster	12
Table 9 classification of the inflatable ball under HS codes	14
Table 10 List of Inflatable ball markets with its markets share & future Potential	21
Table 11 List of competitors of Inflatable balls with their unit price, average tariffs and market share ...	22
Table 12 Export competitiveness index of Inflatable balls	23
Table 13 Top importing states of the US for inflatable balls	24
Table 14 Tariff & non-tariff barriers of Inflatable balls.....	28
Table 15 Different requirement of Soccer ball FIFA APPROVE & FIFA INSPECTED Certification	32
Table 16 Different requirement of Futsal Balls FIFA APPROVE & FIFA INSPECTED Certification	32
Table 17 List of a market initiative by TDAP for the year2019	33
Table 18 List of soccer ball events internationally.....	38

List of Figures

Figure 1 Sports exports of Pakistan over the years	4
Figure 2 Pakistan total exports over the years	4
Figure 3 Pakistan's Sports goods export destination	5
Figure 4 Sport Goods cluster export value in 2017	5
Figure 6 Comparison of Pakistan's Sports Goods exports AAGR comparison with Global exports AAGR ...	9
Figure 7 Brazuca football exported by Pakistan in 2014.....	12
Figure 8 Sports Gloves exported by Pakistan.....	13
Figure 9 Variety of sportwear's exported by Pakistan.....	13
Figure 10 hardcore Sports Good composition	14
Figure 11 Example of promotional Soccer balls.....	15
Figure 12 Futsal sample ball.....	15
Figure 13 Traditional Handstitched soccer ball (oldest technology)	16
Figure 14 Type of glued Soccer Ball	16
Figure 15 Thermal molding Soccer Ball (Most Advanced technology)	16
Figure 16 Brazuca Sample (First Thermal molded Soccer Ball Manufacture in Pakistan)	20
Figure 17 Telstar soccer ball Manufacture by Pakistan for World Cup 2018	20
Figure 18 Share of competitors in the US market	22
Figure 19 Global exports of Inflatable balls and market share.....	23
Figure 20 Different stages of soccer ball production.....	30
Figure 21 FIFA Certification marks	32
Figure 22 Value Chain diagram of hand stitched soccer balls	35
Figure 25 Peoples worldwide interest in major sports, Markey survey Nielson Sports DNA.....	39
Figure 28 Markey survey Nielson, Percentage of Population interested in playing soccer ball.....	40

Contents

A brief history of the Sports Good industry of Pakistan.....	1
1: Product Description.....	2
1.1 HS code of Sports Goods	3
1.2 Sports Goods exports of Pakistan.....	3
1.3 Pakistan Sports Goods exports by country.....	5
1.4 Pakistan Sports Goods exports by Product	5
1.5 Pakistan exports share in global trade and its ranking	6
1.6 Top Export destination of Sports Goods.....	7
2. Sports Goods exports of Pakistan and its comparison of AAGR with the World	8
2.1 List of filtered Sports Goods product for analysis	10
2.2 Sports Goods complementarity analysis of Pakistan with the world	10
2.3 Potential Sports Goods products, its competitors and top market.....	11
3. The methodology of the study	13
3.1 Inflatable Balls	14
3.1.1 Soccer ball usage wise categorization.....	14
3.1.2 Professional match ball.....	15
3.1.3 Training / Practice / Camp ball:	15
3.1.4 Promotional ball:.....	15
3.1.5 Indoor ball:	15
3.1.6 Futsal ball:	15
3.2 Soccer ball technology wise categorization.....	15
3.2.1 Hand stitched:	16
3.2.2 Machine stitched:	16
3.2.3 Glued:.....	16
3.2.4 Thermal molded Soccer ball	16
3.3 The evolution of soccer ball production in the World	17
3.4 Soccer ball production in Pakistan.....	18
3.4.1 Soccer balls represented Pakistan internationally	19
4. Methodology for potential markets of Inflatable Balls.....	20
4.1 Pakistan potential Inflatable Balls market	21

4.1.1 Competitors in the US market of Inflatable Balls.....	22
4.1.2 Export competitiveness index of Inflatable Balls	23
5. Competitors Strategy for the Soccer ball market	24
5.1 Thailand’s competitive strategy.....	24
5.2 China’s competitive strategy.....	25
5.3 Vietnam’s competitive strategy.....	26
6. Tariff and non-tariff barriers	27
6.1 List of importers for the product 950662 Inflatable Balls in 2017.....	27
6.2 Non-Tariff barriers.....	28
6.3 Compliance with the social, environment and labor standards.....	29
6.3.1 Stages in the soccer ball production process.....	30
6.3.2 Other necessary certification	30
6.3.3 FIFA quality concept for football.....	31
7. A market initiative by TDAP	33
7.1 Value chain analysis.....	33
7.1.1 Covering:	33
7.1.2 Panel cutting:.....	33
7.1.3 Stitching:	34
7.1.4 The value chain diagram of hand stitched Soccer Ball.....	35
7.2 Supply side issues of the Soccer Ball industry of Pakistan.....	36
7.2.1 Other major issues to the industry	37
7.3 Demand side prospects of Soccer Ball internationally.....	37
7.3.1 Potential market’s interest in various demographic segments	39
7.4 SWOT Analysis of the Soccer Ball industry in Pakistan.....	40
7.4.1 Strengths	40
7.4.2 Weaknesses	40
7.4.3 Opportunities.....	41
7.4.4 Threats	41
8. Recommendations	41
9. Appendix.....	43
9.1 General Non-Tariff barriers	43
9.2 Pakistan Hardcore Sports Goods exports from 2013 to 2017	44

9.3 Top 20 importing markets of Pakistani Sports Goods	44
9.4 Top supplying countries of Sports Goods in the world	45
9.5 Inflatable Ball (950662) top exporter from 2013 to 2017.....	45
9.6 Sport Gloves (420321) Exports, Market share and potential markets in the year 2017.....	46
9.7 Protective Sports Goods (Gloves, Mittens and Mitts) export share (4015, 4203,4203, 6116, 6216) in 2017	46
9.8 Sportswear exports share (6103,6104, 6105,6112, 6211) in 2017	47
9.9 Leading Exporters & Manufacturers of Sports Goods	47
9.10 Sports Industries Development Centre - Sialkot.....	49

A brief history of the Sports Good industry of Pakistan

The beginning of Sports Goods industry in Pakistan can be traced back to as early as the 1870s, during the reign of Mughal emperor when Jahangir invaded the city of Sialkot which later became an integral part of the Great Mughal Empire. The affiliation with greater empire enhanced the trade activities and soon Sialkot expanded its links to various part of India. During these years of progress, this city had accommodated the settlement of Mughal artisans as well as the British soldiers and it was acclaimed for manufacturing hand made products locally.¹

It was in 1918s when the first Football supplied by a British Army personnel, was re-stitched in Sialkot followed by its local production in the small manufacturing unit, here the leather was manually processed in small tanks and workers used to stand knee deep into water tanks for hours to tan the raw leather. Some historians' states that the Sports Goods industry started in Sialkot because of an English man who broke his tennis racket that was repaired by a local craftsman. Moreover, there were several factors that contributed to the evolution of this industry such as the availability of skilled manpower, presence of large supply chain of the British army. Further the strong international business relationships especially with British colonies are regarded as one of the main reasons for export growth from Sialkot.²

Firstly, the presence of large supply chain of British Army who used to source saddlery goods, leather goods, army uniforms & surgical items. Complemented by the availability of skilled labor working in allied sectors in wood, metal, leather etc. Lastly, the abundant supply of raw material due to its proximity to the foothills of Himalaya, known as the best place to grow trees needed for making cricket bats and hockey sticks. Later in 1922, Sayed Sahib (a manufacturer of Football) was awarded the first export award from the British Empire for his outstanding venture to supply footballs to British Army camped in Singapore. In 1947, Sialkot became an integral part of Pakistan, and the skilled craftsmen kept on improving their skills, quality, production and

¹ <https://psgmea.org.pk/> Pakistan Sports Goods Manufactures and Exporters Association

² https://www.punjab.gov.pk/sialkot_key_industry

marketing techniques that lead to the inclusion of Sialkot sporting goods in Global Value Chains (GVC).³

Today, Sialkot has an important position in Pakistan in context of Sports Goods manufacturing, as this industry is concentrated by far in the city of Sialkot, however there are some production units in other towns of the country. Further the government is alive to the necessity of improvement in quality and export of quality Sports Goods to foreign countries therefore it has established the Pakistan Sports Good Cooperative Exports Corporation Limited (PSGCECL). Which performs a number of specific functions in respect to the production of quality Sports Goods and their exports promotions.

The exporting trend kept on multiplying until Sialkot became the premier supplier of hand stitched Soccer Balls to FIFA World Cups, thereby the major international sporting brands also selected Sialkot as the preferable outsourcing destination. Additionally, Sialkot is internationally known as a producer of good quality products in, Surgical instruments, Leather Garments, Gloves, Sportswear and Musical instruments, while employing around 400,000 plus people directly or indirectly in the process of exporting these items.

Sports Goods sector is the main export sector of the city with total exports of US \$ 450 million per annum. Sialkot caters to around 70% of the total world demand of hand stitched inflatable balls which translates into around 40 million balls annually worth the US \$ 210 million. These balls are produced by a workforce of nearly 60,000 and exported to world markets by 1,000 plus entrepreneurs, the majority of which fall under SME definition.

1: Product Description

Sports Goods have a market segmented based on the types of sports. There are three main types of sports namely; Team sports, Outdoor sports and Recreational and exercise related sports that comprise the following:

- **Team Sports** includes baseball & softball, basketball, football, hockey and soccer.
- **Outdoor Sports includes** airsoft & paintball, camping & hiking, cycling, fishing, golf, hunting, water sports and winter sports).

³ Awan, H. M., & Ishaq Bhatti, M. (2003). An evaluation of ISO 9000 registration practices: a case study of sports goods industry. *Managerial Finance*, 29(7), 109-134

- **Recreation and Exercise:** bowling, cardio equipment, fitness & exercise, mixed martial arts, racquet sports, skateboarding, swimming & water workouts, weight training & home gyms, yoga and pilates & toning.⁴

Similarly, Sports Goods are categorized into two sub groups such as Hardcore Sports Goods and Protectives Sports Goods. This classification is based on the goods that are being used in these categories for examples:

- Hard core Sports Goods include balls, bats, and sticks.
- Protectives goods are:

Protectives Sports Goods compromise sportswear that includes all garment products excluding night wears, underwear's, swimwear, lingerie, and work or utility wear. Gloves & Mitten that are further distinguish based on their specification, gloves are those having a separate sheath or opening for fingers and thumbs and Mittens are gloves that have one section for the thumb and other for all fingers.

Based on the above given classification this study incorporates products from different HS codes comprising hardcore sports-goods, sportswear and gloves and mitten.

1.1 HS code of Sports Goods

Following are the HS code of sports goods cluster spreading over different chapters.

Name of sports good cluster	Sports Goods Chapters	Headings	Value exports in 2017 \$Million
Hardcore goods	95	9506	203,511
Gloves & Mitten	41,42,61,62	4015, 4203,4203, 6116, 6216	391,108
Sportswear	61,62	6103,6104, 6105,6112, 6211	716,735

Table 1 HS code of Sports Goods cluster in various chapters

1.2 Sports Goods exports of Pakistan

To analyze the overall sports goods export of Pakistan this study has made a cluster of Sports Goods that can be used as a representative sample of Sports Goods exports of Pakistan. This cluster of Sports Good has been adopted from TRTA (Trade Related Technical Assistant) report of

⁴ <https://www.topendsports.com/sport/list/index.htm>

UNIDO which sees Pakistan sports good exports as an amalgamation of sports goods that also includes sportswear and gloves.⁵

The figure 01 shows that Pakistan’s Sports Goods exports have considerable volatility in its exports of past five years, which shows that its exports reach an all-time high in the year 2014 by recording a significant export of US\$ 1.58. However, in subsequent year its exports decreased to US\$ 1.40 billion. The volatility continues and in the coming years its exports again



Figure 1 Sports exports of Pakistan over the years

recorded a sign of recovery. when its exports accounted for \$ 1.47 billion. To understand this volatility/trends the overall exports of the country was analyzed.

The given figure 02 are presented for the comparison of Pakistan overall exports with that of its Sports Goods exports, which shows that the Sports Goods exports are in line with the overall exports trend of Pakistan, which is also volatile and showing a mix trend over this period.



Figure 2 Pakistan total exports over the years

To compare the exports trends after the year 2014, we see that high export in 2014 is recorded and likewise showing a declining trend in the subsequent years. Which then increased similarly in the year 2017, while recorded a considerable increase in both Sports Goods and overall exports of the country.

⁵ Report on Industrial Sector (TRADE RELATED TECHNICAL ASSISTANT II) PROGRAMME, UNIDO 2010.

Therefore, it can be argued from the similarity of an export trend that the sports good industry is no exception and its export have also been affected by the performance of the overall export of Pakistan.

1.3 Pakistan Sports Goods exports by country

The given figure 03 depicts the list of major export destination of Pakistan Sports Good with their market share in the year 2017. The major export destination of Pakistani Sports Goods is western countries. Among them on the top is the USA with its 33 per cent share followed by the UK with 17 per cent, Germany 11 per cent and Spain with 7 per cent market share.⁶



Figure 3 Pakistan's Sports goods export destination

1.4 Pakistan Sports Goods exports by Product

The given figure 04 highlights the cluster of major Sports Goods exports to the world by Pakistan at HS 06 code, with the value of their respective exports in dollar terms in the year 2017.

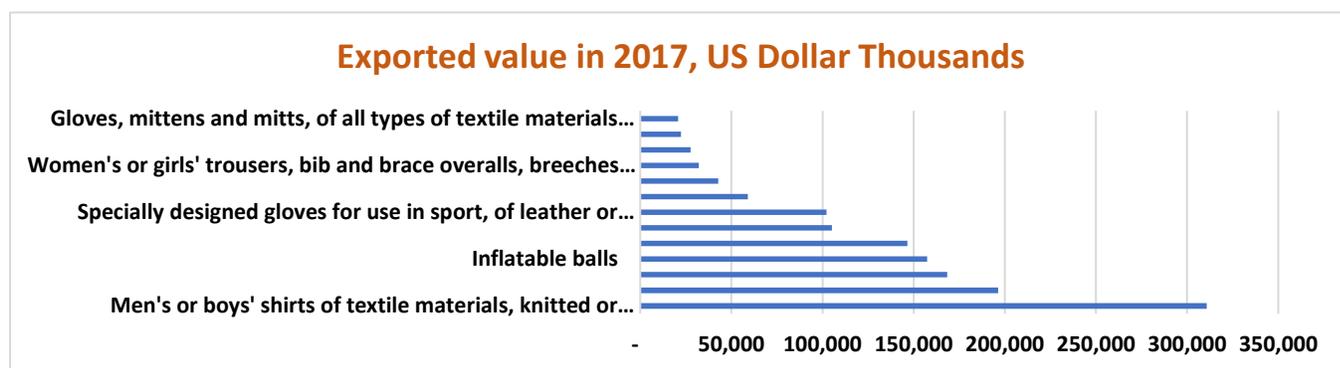


Figure 4 Sport Goods cluster export value in 2017

⁶ ITC, TRADE MAP

The data illustrates that among the Sports Goods export clusters, products that have outperformed others and recorded a major share are; protective sports goods belonging from the category of sportswear and glove, which are followed by inflatable balls that represent hard core sports goods.

1.5 Pakistan exports share in global trade and its ranking

The given table identifies the top exporter of Sports Goods cluster taken for this study with their respective exports value and global export share in the year 2017. Moreover, it also provides their export ranking in the world to further illustrate the exports scenario for the particular product under study.

Exporters	Sports goods Exports value in 2017 \$billion	Global Exports share (%)	Ranking
World	72.7	100	
China	23.6	32.47	1
Malaysia	3.9	5.36	2
Viet Nam	3.6	5.04	3
Bangladesh	3	3.88	5
India	2.8	3.79	6
Cambodia	1.7	2.4	11
Thailand	1.48	2.04	13
Pakistan	1.47	2.03	14
Hong Kong, China	1.47	2.03	15

Table 2 Global Sports Goods exports, Market share & Ranking

The given table 02 shows that China, Malaysia and Vietnam are the top supplying countries of the Sports Goods cluster in the world followed by Bangladesh, India and Cambodia. However, as a matter of fact, the sport-goods cluster includes products of readymade garments as exports of protective sports goods and more specifically sportswear.

Due to this fact the countries that are exporting high volume of ready-made garment may be misleading the overall sports goods cluster ranking as the weightage in term of volume of Readymade garments (RMG) are more than hardcore sports good, whose demand and supply is also very high in the world due to which the cluster is somehow favoring those countries that are major supplier of RMG.

1.6 Top Export destination of Sports Goods

The following table provides the list of top importing countries of Sports Goods in the year 2017 and it also highlights Pakistan's exports to those countries along with its market share and the potential competitors in those markets.

Importers	Imported value in 2017	Pakistan Exports	Pakistan share	Competitors
World	68,147,015	1,479,061	2%	
United States of America	17,854,361	360,221	2%	China, Vietnam, Indonesia, Thailand
Germany	5,243,576	191,649	4%	China, Bangladesh, Cambodia, India
Japan	3,830,472	13,455	0%	China, Vietnam, Indonesia, Thailand
France	3,628,180	84,543	2%	China, Bangladesh, Vietnam, India
United Kingdom	3,622,054	161,814	4%	China, Bangladesh, Malaysia, India
Spain	2,259,350	55,484	2%	China, Bangladesh, Turkey, Morocco

Table 3 List of top importing countries of Sports Goods, Pakistan's share and its competitors

The above given data indicate that Pakistani Sports Goods exports have merely 2 per cent share in the top importing country of the world USA, and it is also pertinent to mention that the USA is Pakistan's top export destination instead of that our share of sports-goods export is considerably negligible in that market.

Similar, the second biggest importer by value is Germany, as an EU member state Pakistan enjoys GSP PLUS status that provides zero tariffs on 6300 plus product that also entails Sports Goods. This special arrangement provides competitive market access to the EU member countries and yet our export share there is only 4 per cent share.⁷

Lastly, a surprising fact is that Pakistan has a negligible or no share in in the 3rd biggest importer of sports-good market Japan with whom Pakistan has natural geographical proximity and good bilateral relationship. Hence, it shouldn't be overlooked only by the fact that its considerably a difficult market that requires high standards. The fact that when we can meet the compliance

⁷ <http://www.lcci.com.pk/pdfs/Benefit%20of%20GSP%20Plus.pdf> Status of GSP PLUS: Its Implementation & benefits

requirement of some very high-end markets in the world so this potential market can also be capitalized for further out market share in this sector.

2. Sports Goods exports of Pakistan and its comparison of AAGR with the World

In this section, the study compares the average annual growth rate of the top ten sports goods exports of Pakistan with the global trade of these products at HS 06 digits. It further analyzes and compares the growth trend of the product with that of the world average growth rate of the same product.

HS	Product Description	Pakistan AAGR 2013-2017	Global AAGR 2013-2017
'610590	Men's or boys' shirts of textile materials knitted or crocheted (excluding of cotton or man-made	3.7%	-3.3%
'420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	3.3%	-5.4%
'610510	Men's or boys' shirts of cotton knitted or crocheted (excluding nightshirts, T-shirts, singlets	-9.9%	-3.6%
'950662	Inflatable balls	0.4%	-2.6%
'610339	Men's or boys' jackets and blazers of textile materials (excluding of wool, fine animal hair	6.2%	-5.1%
'611610	Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted	26.0%	4.1%
'420321	Specially designed gloves for use in sport, of leather or composition leather	-4.0%	-5.5%
'610469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials	11.9%	0.2%
'611692	Gloves, mittens and mitts, of cotton, knitted or crocheted (excluding impregnated, coated or	-2.9%	4.5%
'610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted	-2.9%	-3.2%
'950699	Articles and equipment for sport and outdoor games swimming and paddling pools	-11.7%	0.1%

Table 4 List of Pakistan's top Sports Goods AAGR comparison with Global AAGR in the year 2013-17

The purpose of this comparison is to identify potential product globally based on its demand and supply over the years while comparing its average annual growth rate with Pakistani Sports Goods exports average annual growth rate.

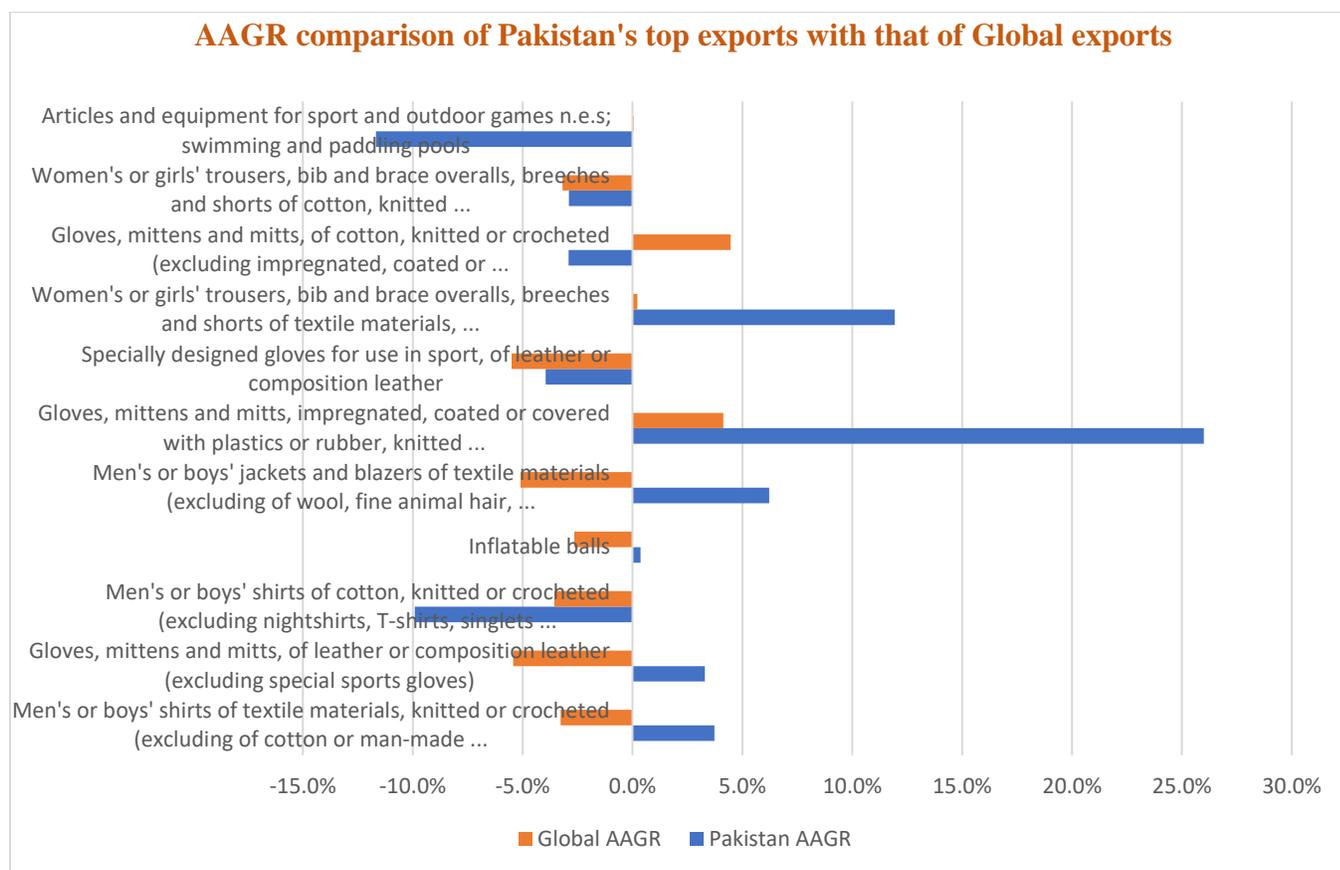


Figure 5 Comparison of Pakistan's Sports Goods exports AAGR comparison with Global exports AAGR

The afore-given graph compares the export average annual growth rate (AAGR) on HS 06 digits, which highlights that there are three potential products from sportswear, two from gloves sector and one from hardcore sports good (inflatable balls) whose average annual growth has outperformed the worlds AAGR, especially when the average annual growth rate of world supplies were declining in the same period of five years 2013 to 2017.

Glove mittens and mitts of cotton are the only product whose world average annual growth is increasing at the same time when our exports are decreasing, this is due to the reason that China has captured almost 80 per cent of share and its export is increasing over years, whereas our export has recorded a declining trend and our share in the market are only 5.8 per cent and in term of value our exports have declined from US\$ 51.4 to US\$ 42.7 over the period of five years.

Men or boys shirt of cotton knitted and crocheted is one of the products that is showing more AAGR decline than that of the worlds, however this product has recorded a sign of recovery in its

export value in 2017, beside this the major supplier who has outperformed all the players in the market is Bangladesh by recording a significant increase in its exports over these years.

2.1 List of filtered Sports Goods product for analysis

This section of the study has shed some light on the Sports Goods exports of Pakistan and its overall performance in comparison with the world exports.

The table enlists below shows the Sports Goods product of Pakistan which is filtered for analysis by employing AAGR and the criterion employed that serve the purpose of the study. Further, the product selected also fetch almost 80 per cent of the total Sport Goods exports which is considered as a significant representation, and lastly the identified product covers all three sub clusters of sports goods such as inflatable ball, Gloves and Sportswear.

Hs Code	Products Description	Pak export in 2017 (Millions)	Top Markets	Competitors	Market share
'610590	Men's or boys' shirts of textile materials knitted or crocheted	310,807	USA, Germany, UK	India, Indonesia, Vietnam	43.80%
'420329	Gloves, mittens and mitts, of leather or composition leather	196,402	USA, Germany, Canada	China, India, Vietnam	12.53%
'950662	Inflatable balls	157,410	USA, Germany, France	China, Vietnam, Thailand	2.43%
'611610	Gloves, mittens and mitts, impregnated, coated or covered with plastics	105,090	USA, Germany, Japan	China, Srilanka Korea	4.23%
'420321	Specially designed gloves for use in sport, of leather or composition leather	102,205	USA, Japan, Korea	Indonesia, China, Thailand	22.30%
'610469	Women's or girls' trousers, bib and brace overalls,	59,012	USA, Germany, UK, Spain	China, Indonesia, Vietnam	3.90%
'950699	Articles and equipment for sport and outdoor games	27,552	USA, Canada, Germany, France	China, USA, Germany	Negligible
'610510	Men's or boys' shirts of cotton knitted or crocheted	168,344	USA, Germany, UK	Vietnam, China, India	3.10%

Table 5 List of filter Sports Goods product, its top markets & competitors

2.2 Sports Goods complementarity analysis of Pakistan with the world

The given figure provides information on the product identified for this study with its complementarity analysis which was conducted on the percentage share of Pakistan's Sport Goods exports with the percentage share of global sports goods exports. This suggest products that are high in demand in the world where Pakistan has low supplies so that the product that is high in

demand in the Sports Good cluster can be highlighted and therefore recommended to the industry for product diversification and to increase its exports basket.

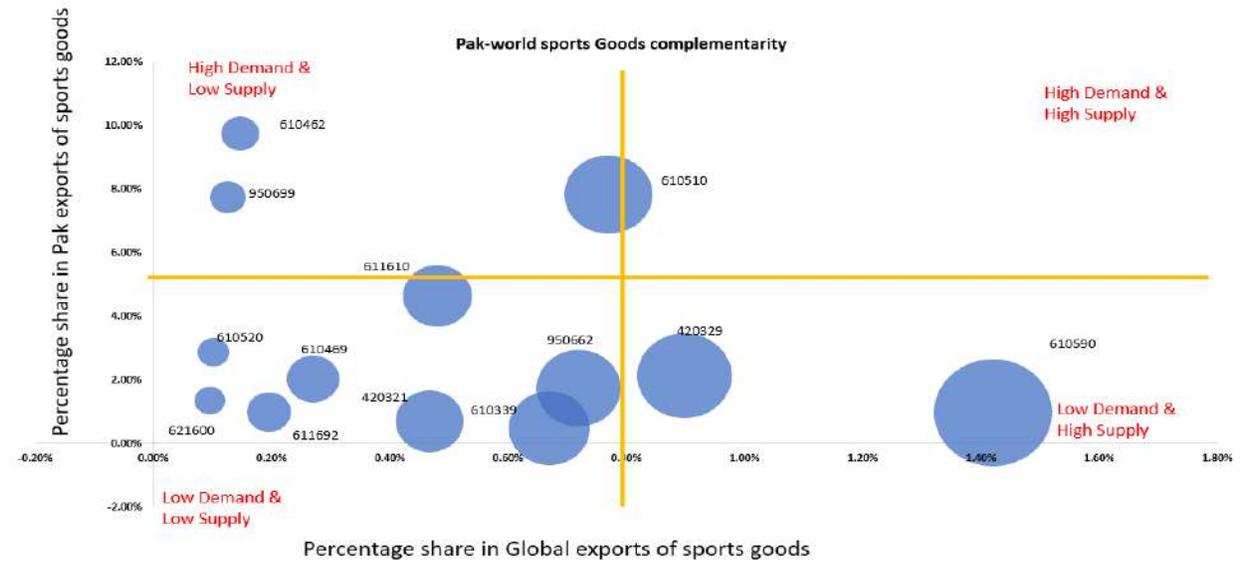


Table 6 Pakistan-World Sports Goods complementarity analysis

The figure given above identifies product that is high in demand globally but Pakistan has a very low or negligible supplies, among these products 619462 “Women or girls trouser”, 9500699 “Articles and equipment of sports and outdoor games” and 619610 “Gloves, mitten and mitts” are some of the products that have high potential in the global market and it can be further exploited for increasing exports in the sports good cluster. However, 610510 “Men’s or boy’s shirts of cotton” is one of the products among sports good cluster which has comparatively captured high percentage share in the exports cluster of Pakistan and it also has a high share in the global Sports Good cluster. Lastly, this complementarity analysis highlights products in the sports good cluster that can help the industry to expand in the right direction viewing the global demand.

2.3 Potential Sports Goods products, its competitors and top market

This study primarily focuses on the given products such as Inflatable Balls, Gloves for use in sports and Men’s or boys’ shirts of textile materials knitted or crocheted, these products are deducted from a cluster of sports goods in different chapters defined as being the potential product of Pakistan sports good industry. Moreover, these products at HS 06 are further taken for analysis of the study for its value chain mapping, potential markets and competitors.

Hs Code	Name of Products	Value in \$Million 2017	Potential Markets	Competitors	Market share
'950662	Inflatable balls	157,410	USA, Germany, France	China, Vietnam, Thailand	2.43%
'420321	Specially designed gloves for use in sport, of leather or composition leather	102,205	USA, Japan, Korea	Indonesia, China, Thailand	22.30%
'610590	Men's or boys' shirts of textile materials knitted or crocheted	310,807	USA, Germany, UK	India, Indonesia, Vietnam	43.80%

Table 7 Sports Goods cluster, its potential markets & competitors

The above given table depict the market share and competitors of the potential product, which highlight that China, Vietnam, Thailand and Indonesia are the main competitors of the selected sports goods in the world and it further illustrates that among these products, Inflatable Balls are the ones that has captured comparatively less market share of only 2.43 per cent of world exports, however, Pakistani Inflatable Balls industry are well established and renowned for producing quality soccer balls. Therefore, it can be asserted that the Inflatable balls have the potential to be further expanded to capture more market share in the world.

Potential product of sports good cluster and its five years exports to the world

Product	The export value in 2013	The export value in 2014	The export value in 2015	The export value in 2016	The export value in 2017
Inflatable Balls	154,949	191,704	167,754	163,030	154,711
Special gloves for sports	110,984	102,492	107,124	100,342	102,316
Men's or boys' shirts of textile	225,931	275,730	262,020	252,519	310,807

Table 8 Five years exports of Sports Goods cluster

The given table displays the exports of the potential products over the period of 2013-17, which highlights that the exports of inflatable balls were highest in the year 2014, “The year in which FIFA soccer world cup was organized and Pakistan exported the soccer balls named Brazuca, however, the original contract for manufacturing Brazuca was awarded to the Long Way a Taipei based enterprise who manufacture these balls in their subsidiary YaYork Plastic products.



Unexpectedly they did not meet the high demand and eventually the services of the second supplier from

Pakistan Forward sports based in Sialkot, Pakistan was brought into play on short notice by the

Adidas, a FIFA partner since 1970, Adidas than exported approximately 42 million Brazuca balls from Pakistan.⁸

In the subsequent year, the Inflatable Ball exports have declined, thereby, it can be argued that the export of Inflatable is directly linked with the demand for the soccer ball in the international events.



Figure 7 Sports Gloves exported by Pakistan

Moreover, the export of sports gloves has almost remained the same with minimum fluctuation over the years and it recorded a consistent supply.

Similarly, the exports of Men's or boys' shirts have recorded a significant increase over this period

as its reached US\$ 310.8 million in the year 2017 from US\$ 224.9 million in the 2013 and recorded a



Figure 8 Variety of sportwear's exported by Pakistan

compound annual growth of 27.2 per cent.

3. The methodology of the study

The nature of the study demands a single product for analysis, in this regard, the three sub-sectors deduced for Sport Goods cluster have further been scrutinized. Following that Inflatable balls has to be selected, since it has captured only 2.43 per cent of world market share, which makes it a

⁸ <https://historypak.com/brazuca-made-pakistan/> The Brazuca Made in Pakistan

potential product for expansion while the other two sub sectors have already captured enough market share of 22 and 43 percent respectively.

Moreover, if we employ the common sense it also suggests Inflatable Balls as being the only hard-core sports product, which accounts for 77 per cent of Pakistan’s exports of hard-core Sports Goods, coupled by its world recognition for its quality hand stitched production. Therefore, inflatable Balls has been taken

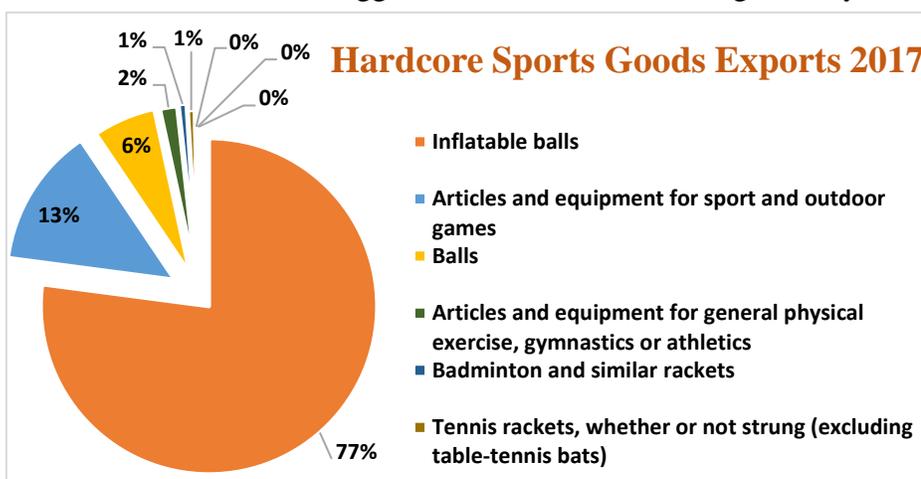


Figure 9 hardcore Sports Good composition

for further analysis and value chain mapping.

3.1 Inflatable Balls

The balls can be categorized into the inflatable and non-inflatable balls. The inflatable ball includes; soccer ball, volley ball, hand ball, beach ball, rugby etc., whereas, the non-inflatable balls include hollow balls (e.g. tennis ball) and solid balls (e.g. cricket, hockey, baseball, etc.).

Classification of inflatable balls under HS Codes

Chapter 95:	Sports goods
Heading 9506:	Hardcore Sports goods
Subheading 950662:	Inflatable balls
Tariff line 95066210:	Soccer ball/Footballs

Table 9 classification of the inflatable ball under HS codes

However, the soccer ball is the most demanded type in this category which can further be distinguished in term of usage and technology.

3.1.1 Soccer ball usage vise categorization

Usage vise there are five categorize of the soccer ball, which is illustrated in detail as follows:

3.1.2 Professional match ball: This is the type of soccer balls that are being developed for the top of the line international professional matches. It usually has some type of organizational approval such as the FIFA (Federation International Football Association) for its usage in these matches.

3.1.3 Training / Practice / Camp ball: These soccer balls are used for the daily practice sessions of soccer players. They are comparatively less expensive as compared to match balls.

3.1.4 Promotional ball: The most traded category in the world are promotional balls, as they are being designed for the promotional activities of big brands, organizations and events.



Figure 10 Example of promotional Soccer balls

3.1.5 Indoor ball: It is the type of soccer balls that are being used for the indoor games, however, the configurations of these balls are same as the outdoor balls and it contributes to a lesser extent in international trade.

3.1.6 Futsal ball: Futsal balls are the type of soccer balls whose bladder is filled with foam that makes it heavier and less bouncy unlike the other type of soccer balls. Moreover, a futsal ball is being played on a hard surface.

3.2 Soccer ball technology wise categorization

Technology wise soccer ball has been distinguished in four sub-categorize which are as follows:



Figure 11 Futsal sample ball

3.2.1 Hand stitched: The hand stitched soccer balls is one of the oldest technology that is being produced by the skilled labor using wooden vice that holds panels of soccer ball without using any machines and these balls are stitched with polyester or similar thread that ensure stronger seams as they are meant to be deployed in international matches.

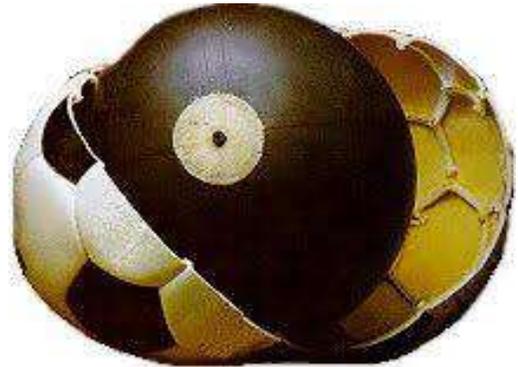


Figure 12 Traditional Handstitched soccer ball (oldest technology)

3.2.2 Machine stitched: Similarly, there are machine-stitched soccer balls that are mostly used for promotional purpose, and it is a low-priced ball which doesn't require high quality and performance for the game.

3.2.3 Glued: The glued balls are those in which panels are glued together onto the lining and generally used for promotional and practice balls and it offers harder feeling than the hand stitched ball, moreover, these balls are less durable and less expensive.



Figure 13 Type of glued Soccer Ball

3.2.4 Thermal molded Soccer ball

The thermally molded ball is the most advance soccer ball manufacturing technology in which all the panel are arranged inside a mold with adhesive applied to its edges and then that mold is heated and pressurized that resultantly glue all its panels together in a sphere. This manufacturing technique is comparative less labor intensive than its counterpart of stitching panels. The first thermal molded



Figure 14 Thermal molding Soccer Ball (Most Advanced technology)

soccer ball was used in 2014's European Championship.⁹

3.3 The evolution of soccer ball production in the World

In the past two centuries, industrial goods have been produced either by mechanized tools in factories at mass production level or by hand at home or small cottages like setting by individuals. The majority of goods today are being produced in factories, however, soccer ball production in this regard are considered unusual, as until recent past hand-stitches soccer balls were considered superior and therefore, it constitutes a large percentage of global trade.

These hand-stitches soccer balls have been produced in Asia since the nineteenth century, and its history is traced back to sports goods production for ruling British in Sialkot, Pakistan. It is believed that the Sialkot soccer ball production dominated the world demand for more than a century and these hand-stitches balls were largely produced in small settings at home.¹⁰

These balls were made of tough leather that required the strength of a man to stitch the 32 panels ball, but at the end of the 1970s, this tough natural leather was replaced by softer PVC (Polyvinyl chloride) and PU (polyurethane) synthetic material. This replacement was subsequently followed by the introduction of punching hole machine in the 1980s that made the stitching panel easier which brought in employment opportunities for women and it also allegedly pave way to employ child labor in this industry.

The expanding global demand of soccer ball brought in machine stitched technology in 1997 and first of its kind soccer balls were made in China, by a Taiwanese owned "Top Ball Corporation", in Guangdong province a supplier of Adidas and after that, the soccer ball industry also entered the era of mass production. However, these machine-stitched balls were considered as inferior to hand-stitches soccer balls, due to which the demand for hand stitched balls remained high and that allowed Sialkot soccer ball industry to survive.

⁹ Raza, T. (2016). Measuring Technology Differences Across Football Manufacturers in Sialkot.

¹⁰ Atkin, D., Chaudhry, A., Chaudry, S., Khandelwal, A. K., Raza, T., & Verhoogen, E. (2016). On the origins and development of Pakistan's soccer-ball cluster. *The World Bank Economic Review*, 30(Supplement_1), S34-S41.

However, machine stitching technology has undercut the market for hand stitched soccer balls because of its factory setting and mass production. The suppliers from Pakistan have also realized that they need to pace up with changing business environment internationally, therefore it also adopted modern technology assisted by a multinational corporation and for that sake visits were also arranged for Pakistani producer for China to learn about the factory production.

In this technological evolution of soccer balls yet another technology was introduced in 2000 by Adidas who invented a new producing technique call thermal bonding that uses the mold with adhesive applied to its edges using intense heat and pressure that glue all its panels together in the sphere without stitching.

Eventually, these thermo molded balls replaced the hand-stitches top-end official match balls in international events from 2006 world cup. Initially, these balls were produced by Adidas in Thailand but soon it expanded and made a factory in Shenzhen China for the world cup 2010.

3.4 Soccer ball production in Pakistan

Pakistan's sports goods sector is an established name in the world of sports goods, especially for its soccer ball production which accounts for 14 per cent share in the international market and many of the world-renowned brand like Adidas, Puma, and Nike have established their supply chain with the vendor from Sialkot for quality match ball and practice ball.

The saga of football production goes back in history to 1918's when a damaged football of British soldiers was re-stitched in Sialkot which resulted in pioneering of football manufacturing by a Muslim artisan Uberoi Syed Sahib in a small manufacturing unit by manually processing leather in small tanks with hours of hard work on tanning leather into knee deep water.

The pioneering services of this outstanding venture of the soccer ball by Sayed Sahib were awarded by the British Empire for its export to the British army camped Singapore in the year 1922. Today Sialkot has an important position in Pakistan as most of the sports goods industry is concentrated in the city of Sialkot with some unit in a nearby town.

The sports goods industry in Pakistan has a very vibrant association namely "Pakistan Sports Goods Manufacturers & Exporters Association" (PSGMEA) which has more than 1100 member

firms and most of these enterprises are the manufacturer of inflatable balls, which includes more than 2300 registered stitching units associating nearly 100,000 labors.

The manufacturers of inflatable balls are categorized into three sub groups such as large enterprises, medium enterprise and small/micro enterprises. This categorization is based on the manufacturing capacity of these enterprises. The salient features are outlined as follows:

- There are 20 large enterprises that are highly specialized in producing a large number of balls, which caters high quality demand of international brands and they produce all type of balls with respect to technology and usage. In a time of need, they outsource stitching to sub-contractors.
- Similarly, there are 50 plus medium level enterprise working for small clubs and regional brands which produce promotional and practice balls, but they don't have their stitching center due to the inconsistency of orders.
- Moreover, there are 400 plus small manufacturing enterprise that produces low priced promotional and practice balls for domestic and foreign markets. It is one of large segment of the supply chain also known as press makers locally.
- Additionally, there are 300 subcontractors that work for large enterprise and exporters and in some cases, they directly handle small exports orders.
- Lastly, there are stitchers that are considered as the most important stakeholder in the value chain of inflatable balls, since many enterprises are still resisting modern manufacturing technology. However, stitching is laborious work that required special skills of stitching that basically is home-based work.

3.4.1 Soccer balls represented Pakistan internationally

The soccer balls industry of Pakistan has long been criticized for losing its share in the international market to other suppliers due to changing market demand and its resistance to adopting modern manufacturing technology. But it once again came back into the spotlight when the Chinese supplier failed to come up with the demand of extra soccer balls for “The World Cup Rio de Janeiro by Adidas in 2014”. A Pakistani company Forward sports stepped in as an alternative supplier

and eventually won the contract. The company had previously made balls for French league, Champions League and German Bundesliga. The factory owner expressed in an interview that they had worked hard to manufacturer machine-made balls as normally they used to supply hand stitched soccer ball. It was the first instant when Brazuca a modern soccer ball was produce in Pakistan without much expertise and it took two years for its design and testing, as Brazuca was criticize as being the most tested ball Adidas has ever produced and it received positives reviews worldwide.



Figure 15 Brazuca Sample (First Thermal molded Soccer Ball Manufacture in Pakistan)

Similarly, in 2018 “FIFA World Cup Russia” once again “Forward Sports” received the honor to provide the match ball that was made in Pakistan called “Telstar 18” which represented the country as the match ball of FIFA World cup.



Figure 16 Telstar soccer ball Manufacture by Pakistan for World Cup 2018

The ball was designed by Adidas as a homage, built on the concept of its first World Cup match ball Telstar; a combination of words Television and Star. The ball was also revered as the most advanced match ball till date.¹¹

4. Methodology for potential markets of Inflatable Balls

To identify the potential market for the exports of inflatable ball’, this study follows three tire criteria such as: First, If Pakistan’s exports of inflatable balls to a country is greater than \$5 million

¹¹ <https://www.dawn.com/news/1387073> Football made in Sialkot will represent Pakistan

and its imports from world of the said product is also greater than \$10 million, that market is considered potential for the next stage.

In the second stage, market share is used as a filter for the potential market. Thus, markets whose import share of inflatable balls from Pakistan is less than 10 per cent are considered as potential.

Thirdly, Criterion is employed to further scrutinized the markets, so that the markets in which there is enough demand or expected demand in the near future are also taken as the potential market for inflatables balls.

4.1 Pakistan potential Inflatable Balls market

The following market has been identified as a potential in the world at HS-06 digit from the data employed from trade map for the year 2017.

Importers	Pakistan Exported value in 2017	World Imported value in 2017	Market share	Potential & Non-Potential Markets
World	157,410	1,206,450	13.0%	
Germany	24,615	89,836	27.4%	NP
United States of America	15,074	233,008	6.47%	P
United Kingdom	10,056	57,880	17.3%	NP
Belgium	9,237	52,952	17.4%	NP
Netherlands	9,063	24,158	37.5%	NP
Denmark	7,635	16,590	46.0%	NP
China	7,194	21,582	33.3%	NP
Spain	5,667	43,827	12.9%	NP
Italy	5,364	32,706	16.4%	NP
Mexico	5,010	35,635	14.0%	NP

Table 10 List of Inflatable ball markets with its markets share & future Potential

The above given data shows that the USA is the only potential market that can be further exploited for more market share, particularly when it's also world's top importer of Inflatable Balls in the year 2017 in terms of value, on the other hand, Germany is second biggest importer of inflatable balls but Pakistan has already captured enough market share of 27.4 percent, therefore it cannot be considered as a potential market for future.

Moreover, while analyzing the export trend of inflatable balls a direct relationship of Inflatable Balls exports and international soccer ball events was noticed and based on that it can be argued that the next FIFA World Cup of 2022 destination Qatar is certainly a potential market for the

inflatable balls. Additionally, in term of regions the Middle East & Far East and Central Asian republics are emerging potential markets.

4.1.1 Competitors in the US market of Inflatable Balls

Below given are the list of competitors with their unit price, average tariff rates and market share in the potential the US market of the soccer ball.

Competitor	Unit Price USD/Unit	Average Tariff	Market Share
China	3.00	2.4	65.80%
Vietnam	4.16	2.4	15.60%
Thailand	5.78	0	7.80%
Pakistan	5.58	0	6.10%

Table 11 List of competitors of Inflatable balls with their unit price, average tariffs and market share

The table highlights that there are three major competitors for Pakistan in the US market. Among them China captures a major share of 65.8 per cent followed by Vietnam with 15.6 per cent of the share, it is possibly due to offering low per unit price, as China offers the lowest per unit price of \$3 which provides it with a comparative advantage over other competitors in the market. However, China and Vietnam are also facing high tariff rate of 2.4 per cent which in the case of Pakistan and Thailand is zero.

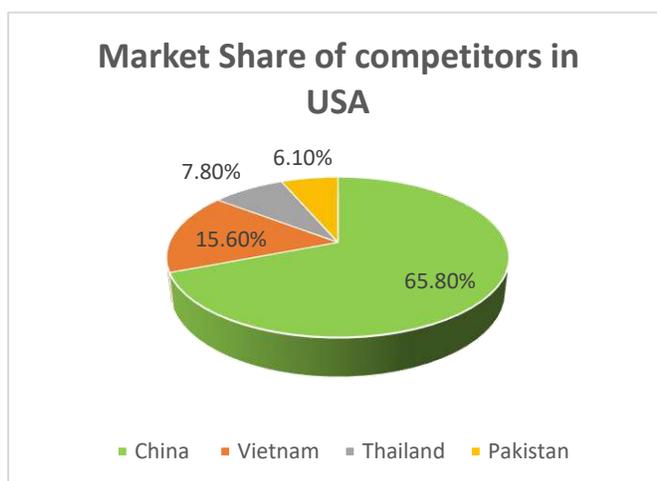


Figure 17 Share of competitors in the US market

This can offset the price advantage of China and Vietnam, but still if the major share has been captured by China and Vietnam indicates that these two countries also have a technological advantage over other players that make them more attractive in the market.

Additionally, if we analyze the overall exports of Inflatable Ball in the world, we see that the major suppliers are almost the same. China has topped the list with 50 per cent market share followed by Pakistan with a 14 per cent share in the international market indicating that Pakistan is an important player of inflatable balls. However, Vietnam and Thailand are the other two important suppliers that are competing in this sector with 7 per cent of the market share each.

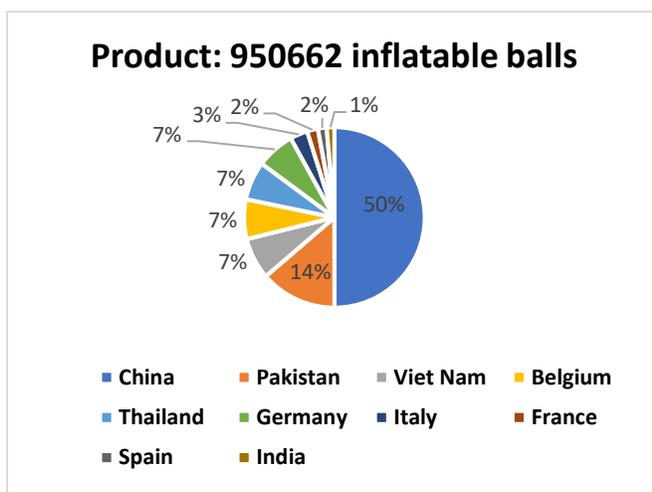


Figure 18 Global exports of Inflatable balls and market share

4.1.2 Export competitiveness index of Inflatable Balls

The given table illustrates the export competitiveness index (ECI), World ranking and market share of the inflatable ball in the US market in the year 2013-17.

Sr.no	Countries	US Imports USD Millions		ECI		Ranking		Market Share		
		2013	2017	2013	2017	2013		2013	2017	
1	China	174.5	153.41	0.666	0.642	1	→	1	70.80%	65.80%
2	Viet Nam	18.07	36.32	0.312	0.618	3	↑	2	7.30%	15.60%
3	Thailand	26.26	18.23	0.574	0.399	2	↓	4	10.70%	7.80%
4	Pakistan	14.02	14.29	0.138	0.139	6	↑	5	5.70%	6.10%
5	Indonesia	4.79	4.16	0.037	0.033	8	↑	7	1.90%	1.80%
6	Dominican Republic	1.79	3.2	0.242	0.416	4	↑	3	0.70%	1.40%
7	Taipei, Chinese	2.41	1.44	0.139	0.082	5	↓	6	1.00%	0.60%
8	India	0.73	0.82	0.001	0.002	10	→	10	0.30%	0.40%
9	Japan	0.78	0.3	0.008	0.003	9	→	9	0.30%	0.10%
10	Hong Kong, China	0.38	0.18	0.067	0.03	7	↓	8	0.20%	0.10%

Table 12 Export competitiveness index of Inflatable balls

The Export Competitiveness Index the (ECI) depicts that China has remained the top-ranking supplier to the US market, followed by Vietnam whose ranking has improved over the period along with its market share. However, Thailand is the only top supplier whose ranking has deteriorating in this period and recorded a decline in its market share.

On the other hand, Pakistan’s ranking has improved along with its market share, although it has not captured a considerable market share but with the shrinking market share of China and trade war between China and the US there lies an opportunity for Pakistan. Moreover, Vietnam seems to be the emerging player replacing China in this market as it has captured a significant market share of 16 per cent in a short period which was only 7.3 per cent in 2013.

Lastly, China has remained the most competitive supplier of inflatable balls to the US, with a significant market share at 66 per cent.

The following US states were the top importers of Inflatable balls:

Top Importing States	Illinois (\$45,355,942), Alabama (\$28,611,053), California (\$27,634,604), and Tennessee (\$21,812,231) ¹²
----------------------	--

Table 13 Top importing states of the US for inflatable balls

Illinois, Alabama and California are the highest importers of inflatable balls. Pakistan’s exporters of sports goods, specifically inflatable balls, should look to expand their exports in these states.

5. Competitors Strategy for the Soccer ball market

There are three main competitors for Pakistani Football/Soccer ball industry generally and particularly in the US market such as China, Vietnam and Thailand.

5.1 Thailand’s competitive strategy

Thailand’s profile highlighted as an important producer of soccer ball in 2006 when “Made in Thailand” machine stitched soccer ball was introduced as the official World Cup game ball by Japanese firm Molten for Adidas, an innovation which not only stimulated soccer ball production in Thailand, but it also signaled the international producer of soccer ball that the demand for handstitched soccer ball is shifting to machine stitched balls in the professional tournaments. ¹³

Thailand was a pioneer in producing machine stitched soccer ball using new technology in which the panel is bonded thermally to the bladder, therefore, no stitching is required. This technology

¹² Flexport, 2018

¹³ LIBERALIZATION TO SPORT INDUSTRY IN THAILAND By Prof. Dr. Sombat Karnjanakit Chulalongkorn University

has revolutionized the soccer ball industry due to its better performance on the ground and this has been capitalized by Thailand which eventually hurt the traditional hand stitched soccer ball industry such as Pakistan and India. However, there is a very handful of large producers manufacturing machine-stitched and thermo bonded balls in Thailand sourcing to international brands like Nike, Adidas and Japanese Mikasa.

5.2 China's competitive strategy

Chinese soccer ball industry has grown tremendously in the last few decades, it has dominated the global market, accounting for almost half of the total world supplies. The Chinese province of Guangdong and Fujian are the main production hub. Its cities of Dongguan and Guangzhou is known for the large-scale production of machine-stitched soccer balls.

However, China used to be the supplier of low ended machine stitched soccer balls given that the province of Jiangsu was famous to produce hand-stitches soccer ball where the manufacturing model was similar to that in Pakistan and India, the stitching work was outsourced to the nearby local residents, where the work was mostly done by women and children.¹⁴

Nevertheless, with the development of new material and innovation, the soccer ball industry of China has started a fierce competition among the manufacturers of soccer ball in the world, this also coupled by the Chinese supplies of the official match ball in the World Cup of 2010 based on the thermally molded technology.

Chinese companies have replaced the high-end quality hand-stitched soccer balls supplier with this novel technology, and they are now catering the demand of many international buyers which were previously sourcing it from Pakistan and India. Therefore, it can be asserted that China has replaced other competitors by becoming an alternative for GVCs through upgradation, mechanization and automation of their soccer ball industry. On the contrary, Pakistan's strategy of sticking to high-end hand stitched soccer ball couldn't sustain and resultantly lost its market share.

¹⁴https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1532&context=global_docs

Furthermore, China is leading the world in using its e-commerce platform for its exports. More than 40 per cent of the world's e-commerce transactions is currently taking place in China, up from only 1 per cent about a decade ago. The same has become an important factor for its growth in the Sports Goods industry.

Additionally, the government of China plan of building sport industry of US\$ 813 billion by 2025 through general administration, a strategy that involves everything from promoting sports to encouraging investment by easing complicated administrative process, these development have pave out ways for big giants such Alibaba, Wanda group and property Kaisa Group for creating multi-billion dollar funds to assist in construction of sports facilities in the country.

The ambition of Chinese President Xi Jinping to transform China into the great soccer power adds more fuel to the soccer ball industry to expand at a rapid pace, thereby football has become part of formal school system, due to that the domestic soccer playing industry is also expanding and receiving billions of dollars in investment in building soccer ball schools and clubs.

Similarly, Guangzhou Evergrande, a most established and professional outfit of China are partnering with Real Madrid to establish 50 pitch training academy in the country, this also coupled with the Chinese Football Association plan of becoming a world superpower by 2050, by building number of training centers across country with the slogan of “*One football pitch for every 10,000 people by 2030*” targeting men’s and women’s for national team of China.

5.3 Vietnam’s competitive strategy

Vietnam government initiative of “Doi Moi” which is a series of political and economic reforms in the country that is believed to have steered the country towards the economic growth of 6-7 per cent. Today Vietnam is seen as one of the important emerging markets where everything from sportswear to Samsung smart phone are manufactured, and it has recorded an extra ordinary export to GDP ratio.

This phenomenal growth was only possible due to three main factors, trade liberalization, de-regularization, lowering of the cost of doing business, and heavy investment in human and physical capital. Furthermore, Vietnam has signed multiple trade agreements in the last two decades such

as FTA with the USA, joined the ASEAN free trade area, followed by agreements with China, Japan, India and Korea.¹⁵

Additionally, the global competitiveness ranking of Vietnam has also recorded significant improvement over the years. Its ranking has risen from 77th in 2006 to 55th in 2017. Similarly, In the Ease of Doing Business of World Bank Vietnam’s ranking have improved from 104th place in 2007 to 68th place in 2017. Further, the world bank reports state that the country has shown progress on almost all fronts from access to credit and electricity to enforcing contracts and collections of taxes.

Currently, the soccer ball industry of Vietnam is represented by its leading group and manufacturer Dong Luc whose monthly turn out is 70,000 to 100,000 unit, FIFA approved soccer balls. Dong Luc is the only famous brand and manufacture that meet the FIFA quality pro criteria and therefore, it’s a leading exporter of the country and It’s also an exclusive soccer ball sponsor of Vietnam’s soccer ball tournaments.

6. Tariff and non-tariff barriers

Following are the list of tariff and non-tariff barriers faced by the inflatable ball supplier to the world.

6.1 List of importers for the product 950662 Inflatable Balls in 2017

Importers	Average tariff (estimated) applied by the country (%)	Number of non-tariff requirements applied by the country	Estimation of an untapped potential trade, USD thousand
United States of America	0		90,235
Germany	0	5	44,475
France	0	5	56,360
United Kingdom	0	5	40,854
Belgium	0	5	33,458
Spain	0	5	31,002
Japan	0	N/A	22,505
Mexico	15	2	28,974
Italy	0	5	24,426
Russian Federation	5	3	19,879
Netherlands	0	5	26,408
Australia	0		15,512

¹⁵http://factsanddetails.com/southeast-asia/Vietnam/sub5_9e/entry-3441.html

China	0	N/A	15,560
Canada	0		10,866
Brazil	20	N/A	17,111
Chile	6	N/A	14,788
Malaysia	0		10,557
Argentina	35	5	10,941
Denmark	0	5	11,616
Turkey	0	N/A	18,751
Korea, Republic of	8		9,911
United Arab Emirates	5	1	16,120
Poland	0	5	20,136

Table 14 Tariff & non-tariff barriers of Inflatable balls

The above given table depicts that there are zero tariffs for the soccer ball in most of the market for Pakistan with few exceptions. However, there are five major non-tariff barriers that are highlights given below.

6.2 Non-Tariff barriers

There are generally five major non-tariff barriers for the inflatable balls exports in the world and following are the list of these non-tariff barriers. (See details in Appendix)

Restricted use of a certain substance: The requirement prevents the use of such substance/material whose use arise risk.

Labeling Requirement: This requirement is to regulate the information regarding the size, color, packaging and labeling which should be provided to the consumer.

Product quality or performance requirement: This requirement provides information on the performance of the product such as its durability and hardness.

Certification requirement: This requirement regulates the certification of product to meet the standard required by exporting or importing country

Inspection requirement: This requirement is of importing country for inspecting the product on arrival for its size and material used before it can enter the country.

However, there are no explicit labelling or packaging requirements, regarding sports goods. But proper packing is required with palletization or crating. Certainly, quality control of the products

is an indispensable aspect, in order to maintain reliability and the competitiveness of sports goods.¹⁶

6.3 Compliance with the social, environment and labor standards

In the late 1990s, multiple reports and articles were published about the alleged use of child labor in the sports goods industry and specifically soccer ball manufacturer of Sialkot. Particularly the article publishes in 1996 by Life magazine on the story of 12 years boy Tariq, a child labor stitching soccer balls in Pakistan spotlighted the issue on the international front.

Additionally, another study conducted by ILO highlighted the phenomena that by some estimate that there were at least 70,000 children at the age of 05 and 14 are engaged in the stitching of soccer balls in Pakistan and India. This finding shocked the public around the world and the international supplier also had to share the burden of embarrassments such as Adidas, Nike and Baden.

However, to avoid the boycott from the international supply chain from Sialkot, Pakistan, a wide range of stakeholders negotiation was called between the major sports brands, the soccer industry council of America, the World Federation of Sporting Goods industry, the International Labor Organization, Save the Children -UK, the United Nations Children Fund and the Sialkot Chamber of Commerce and Industry to eliminate child labor from the supply chain of global sports in eighteen months.

Eventually this negotiation resulted in the formation of Atlantic Agreement in February 14, 1997 in Atlanta, Georgia, that proposed following initiatives: Firstly, to establish child monitoring mechanism that identify child labor in soccer ball stitching industry and secondly, it suggested to develop a child protection program that helps to transform child labor from stitching to proper schooling, while ensuring that no one suffers among the families attached in this process.

Thereby, it was agreed between the international brands that they will continue to source from manufacturers who ensure that no child labor is employed in the production of soccer balls.

¹⁶ Import Tariff (Source: TARIC Tariffs)

Meanwhile, the monitoring was carried out by International Labor Organization (ILO) and International Programme for the Elimination of Child Labor (IPEC) with the financial support of Sialkot Chamber of Commerce and Industries (SCCI) and FIFA between 1998 and 2003.

Later in 2002, a Pakistani monitoring organization was created with the name of “Independent Monitoring Association for Child Labor” to oversee the local industry. However, in the second phase of the Atlantic Agreement duties were transferred to IMAC from ILO-IPEC for domestic sustainability, these initiatives for problem solving were perceived positively by the international community.

However, it was 2006 when Pakistan was once again in the spotlight due to the allegation of violating the child labor international standards at Saga Sports, one of the major suppliers of Nike from Sialkot Pakistan. In response to that Nike had cut its supplies from the alleged company and started acquiring its supplies from Silver Star group another company from Sialkot.

Unfortunately, all the efforts taken to eradicate child labor from the soccer industry have gone in vain until the first decade of the 21st century. However, the advent of new technology and continuous efforts from the international community, advocacy groups and government the use of child labor appears to have decreased to some extent, but it still exists in some part of the industry where the stitching has usually been outsourced to homebased work. In additions, there are other issues such as low wages, overtime and hazardous working environment that persists in Pakistan.

6.3.1 Stages in the soccer ball production process

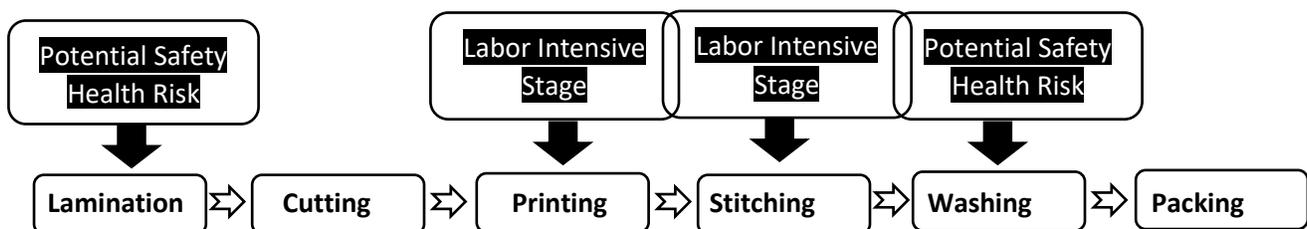


Figure 19 Different stages of soccer ball production

6.3.2 Other necessary certification

In addition to compliance with the international labor laws, there are several social projects initiated domestically under the umbrella of Sialkot Chamber of Commerce & Industry (SCCI)

that are contributing to comply with various codes of conduct demanded by international buyers such as:

- Sialkot Medical Complex
- Universal Primary Education Program
- Child Labor Elimination program (CLEP)
- The Light (School for Mentally handicapped children)

Moreover, in soccer ball industry ISO 9000 is considered as the most common type of certification but in addition to that number of firms also get Social Accountability (SA8000) and Fairtrade Labeling Organization (FLO) certification depending on the trend and requirement of customer. However, in the soccer ball industry, the level of awareness regarding testing requirement is very high and most of the common testing practice is done in-house. These internal quality assurance tests are performed by the manufacturers who are FIFA certified in order to meet the requirement of customers.

6.3.3 FIFA quality concept for football

As a governing body of football worldwide FIFA believes in its responsibility to support any improvement for football equipment in raising the actual standard as it will improve the level of the game. Therefore, FIFA takes on an initiative to ensure global consistency in top football matches by implementing a quality certification programmed from January 1, 1996. Since then only those outdoor footballs which have been tested and meet the demand of quality criteria and bearing either of the official markings can be used in FIFA competitions matches and other competitions matches. Moreover, a similar certification has also become compulsory for Futsal Balls (indoor balls) used in international games. And simultaneously the certification has also been implemented for beach soccer footballs used in the international match play. All these certifications are given under the auspices of FIFA or the confederation.

The licensing programme is based upon two categories such as “FIFA APPROVED” and “FIFA INSPECTED” these two test criteria outline in the “Laws of the Game” indicates that such footballs are of the required quality for match play, balls to be used in FIFA competitions and competition matches.



Figure 20 FIFA Certification marks

Therefore, to obtain “FIFA Quality Concept license” the balls are to be tested according to specific criteria per category.

6.3.3.1 Outdoor Footballs/ Beach Soccer Balls

FIFA APPROVED	FIFA INSPECTED
Weight	Weight
Circumference	Circumference
Sphericity	Sphericity
Loss of pressure	Loss of Pressure
Water Absorption	Water Absorption
Rebound	Rebound
Shape and Size retention	

Table 15 Different requirement of Soccer ball FIFA APPROVE & FIFA INSPECTED Certification

6.3.3.2 Futsal Balls

FIFA APPROVED	FIFA INSPECTED
Weights	Weight
Circumference	Circumference
Sphericity	Sphericity
Loss of pressure	Loss of pressure
Water absorption	Water absorption
Rebound	Rebound
Shape and size retention	

Table 16 Different requirement of Futsal Balls FIFA APPROVE & FIFA INSPECTED Certification

7. A market initiative by TDAP

The following is the list of an approved market initiative by TDAP for the sports Goods in the year 2019

Event	Year	Country	Product
China Cycle Show, Shanghai	May 2019	China	Sports Goods
ISPO Shanghai	July 2019	China	Sports Goods
FIBO China	Aug 2019	China	Sports Goods Fitness Equipment, Smart Wearables
Canton Fair, Phase-III	Oct 2019	China	Sports Goods
Sports Wear and Goods Expo, Tokyo	July 2019	Japan	Sports goods and sports wears
International Sports Fair, Istanbul	Sep 2019	Turkey	Sports Goods
Cape Argus Sports Show	June 2019	South Africa	Sporting goods
FIBO	Dec 2019	USA	Fitness equipment, smart wearable's, fitness club interiors, sports nutrition products
ISPO Winter, Munich	Jan 2019	Germany	Sports Goods
International Sports Exhibition	Mar 2019	Russia	Sports Goods
FIBO Fitness & Health Show	Apr 2019	Germany	Sports Goods
Poznan Sports Fair	Oct 2019	Poland	Sports Goods
National Sports Exhibition, GORINCHE	Nov 2019	Netherlands	Sports Goods

Table 17 List of a market initiative by TDAP for the year 2019

7.1 Value chain analysis

The manufacturing of a soccer ball might look simpler, but it involves a long process that starts from acquiring a variety of raw material such as; polyester, cotton, rubber, rexene and latex. These raw materials are either imported or acquired locally. Some material such as fabrics that contain polyester –Cotton mix, wax and thread are available locally whereas latex, butyl and some type of wax are imported from tropical countries.

Once the raw material is arranged/sourced the soccer ball manufacturing starts this includes the following steps: Covering, panel cutting, lamination, screen printing and bladder fixation.

7.1.1 Covering: The cover or the surface of the ball is made up of synthetic leather that is PU (polyurethane) and PVC (poly vinyl chloride), whereas, traditionally it was made up of leather which used to absorb moisture and become heavier thereby effecting the performance of the ball.

7.1.2 Panel cutting: The different pattern that made up the cover of the ball is called panels. These varies in number from design to design, but the most common is 32 panels used in professional

matches. However, other traditional designs are also there in 18 and 26 panels. These panels are either stitched, glued or thermally molded together.

7.1.3 Stitching: On average an experienced stitcher takes three hours to sew one ball, but these days most professional balls are thermally molded where all panel are arranged in sequence inside mold using heat and pressure to bind them. As a result of a new technology room for innovation and creative pattern cutting increasing is as it doesn't require stitching and straight cutting of panel, e.g. match ball of world cup 2014 Brazuca with six panels.

Discussed above are some of the important value chain factors of soccer ball manufacturers whose key gaps have been identified for this study. It must be noted that the results are based on the secondary data compiled by the TRTA, through interactions with various stakeholders and observations of the operations.

The study depicts the following gaps in the value chain manufacturing of a soccer ball.

- At the stage of procuring raw material 10 -20 per cent value is lost due to high cost, lack of R&D and non-standardization of material.
- In the lamination stage, if it's done manually 10-12 per cent value is lost, and on the contrary machine lamination accounts for 4-5 per cent lost in value that is considered tolerable.
- Similarly, at the stage of screen printing nearly 3-4 per cent value is lost.
- In non-mechanized soccer ball manufacturing 5-6 percent value is lost in panel matching and bladder fixing and 10-12 per cent value is lost in its stitching.

7.1.4 The value chain diagram of hand stitched Soccer Ball

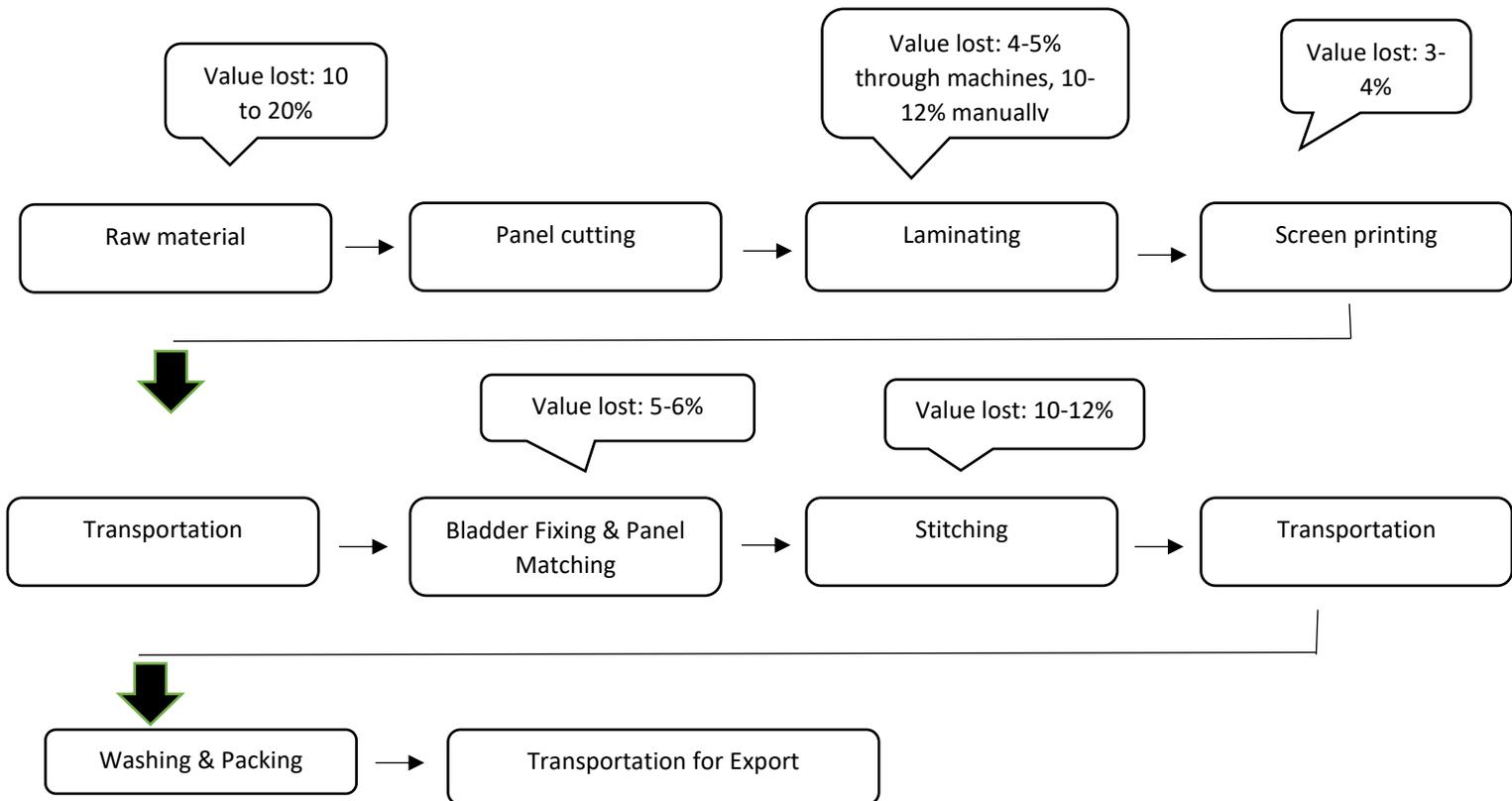


Figure 21 Value Chain diagram of hand stitched soccer balls

The first step of the value chain is to roll out raw material for the outer cover of the ball which encounters a quality problem due to lack of R&D and higher cost of the material. Followed by the process of panel cutting and lamination, consider as the most important and laborious work that defines the production capacity. In the third stage of the process, the panel is set for printing with required graphics where the wastage and availability of CE complied ink is seen as a pertaining problem.

Further, in the process, panels are assembled as per the design of the ball along with bladder either for stitching or thermal molding manufacturing. However, hand stitching is outsourced to nearby villages or purposely built stitching center, thus the main problem that occurs in the process of stitching is the delays due to the laborious nature of the job.

Lastly, the balls are inflated for 24 hours for quality check, shape and detection of any error and let it attain spherical shape specially in case of hand stitched soccer ball, once the quality requirement are met the balls are washed, dried, and deflated for packing.¹⁷

7.2 Supply side issues of the Soccer Ball industry of Pakistan

The soccer ball industry of Pakistan has been in limelight's for the number of reasons, most importantly is the use of child labor highlighted internationally by the efforts of International Labor Rights Forum (ILRF) working for the elimination of child labor in the soccer ball industry for a couple of decades. Its "Foul Ball campaign" was particularly against the use of thousands of child labor working as full-time stitching soccer balls in Sialkot Pakistan. This campaign has mobilized soccer ball consumers and players throughout the world against the plight of these children.

It is believed that this campaign was the reason behind the creation of the Atlanta agreement in 1999, and in the subsequent year, a study released "*A report on Continued Use of Child Labor in the Soccer Ball Industry in Pakistan*", stressing on the short coming of the Atlanta agreement. It was found by the ILRF partner organization in Pakistan that the manufacturer who becomes member of this agreement have not paid their dues or provided any information of their stitching centers, therefor it is believed that child labor has continued to be used in member organization. Further it was argued that the stitching centers has been shifted to unregulated area of the country and the school established for this purpose are rather being used for other children, whereas the child labor continued to be working in soccer ball industry.

However, the stigma of child labor was removed for quite a few years until 2006 when the violation of international labor standard was reported at Saga Sport, a key supplier of Nike from Pakistan which resulted in its boycott, thereby shifted its business to another soccer ball manufacturer Silver Star Group in Sialkot Pakistan.

Despite efforts from the international community, governments, industrial member and advocacy group, child labor still exists in hand stitched soccer ball industry where stitching is out-sourced to home based cottages, however, it seems to have decreased in Sialkot, Pakistan.

¹⁷ UNIDO TRTA (Industrial sector, 2014)

This decrease is not only the result of the continuous effort from international and industrial stake holders but due to the development of new technology in soccer ball industry where high- hand match balls have started being manufacture mechanically or through thermo molding technology that doesn't require laborious stitching activity.

In addition to that there are other pertaining social and environmental issues such as low wages, hazardous working condition and temporary/causal labor force, that infringe their right of the collective bargain in the industry and provide a room for exploitation which is generally being ignored by the soccer ball industry of Pakistan.

7.2.1 Other major issues to the industry

There are following issues that curtail the development of soccer ball industry such as:

- The threat of cheaper ball in the market due to the technological advantage of the competitors who have progressed significantly in the last decade (particularly China).
- The increasing manufacturing cost due to dependency on import of raw material.
- There is a dire need for infrastructure development in the soccer ball industry to cope with the international competition, and it also faces the issues of low skill labor and efficiency.
- The emergence of Vietnam as a new player in the international market of soccer ball who received a significant world cup order in 2018.

7.3 Demand side prospects of Soccer Ball internationally

The demand for the soccer ball has shifted from hand stitched soccer ball to machine stitched or thermo molded technology using heat and pressure to fix different panel with bladders with most characteristics of a handstitched match ball thereby replacing the demand for hand stitched soccer ball. The soccer ball industry of Pakistan was initially confronted with the threat of non-transformation to the modern manufacturing technology over decades at home.

However, as the demand for machine stitched soccer balls increases the soccer ball industry of Pakistan has also adopted this technology and soon become supplier to the biggest soccer ball events internationally. The first of its kind of supplies from Pakistan was back in 2014 when Pakistan exported “Brazuca soccer ball” using this technology for the Football World Cup after a gap of 32 years, it was produced for Adidas by Forward Sports, in Sialkot Pakistan.

Additionally, if we look at the demand for soccer ball internationally by ranking markets on the percentage of population interested in soccer ball provided by the “Nielsen sports study of 2018” we see that soccer ball has to be very successful in penetrating in diverse culture throughout the world. This ranking identifies the list of 20 markets having more than 49 per cent of the population interested in a soccer ball, which contains 11 European countries, 4 Asian countries, 3 Latin American and Middle Eastern and African country each. ¹⁸

Among these countries, UAE topped the list with 80 per cent of its population interested in football which would be around 3.2 million if translated in term of people, Thailand is on the second number in term of percentage with 78 per cent of its population interested in a soccer ball, some 40 million people. Further the list is followed by Brazil with 60 per cent of the population and i.e 75 million people. Similarly, in Europe Spain, Portugal and Turkey are the highest-ranking nations. Whereas, the heartland of football U.K and France ranked 17th and 18th respectively.

China and India though not being featured in the list, but their massive population means many fans even If we take a conservative number there are approximately 300 million people interested in a soccer ball, therefore it can be argued that these two markets have more potential than all the 11 European countries combined.

UK & Ireland	Europe	International
Premier League	European Football	African Football
Championship	Champions League	FIFA World Cup
League One	Europa League	European Championship
League Two	La LiGA	Copa America
National League	Serie a	African Cup of nation
FA Cup	Ligue 1	
Scottish Football	Bund esliga	
Scottish Premiership		
Scottish Championship		
Women's Football		

Table 18 List of soccer ball events internationally

¹⁸ Nielson sports DNA, Figure represents results from surveys in 2017 of 18 markets: Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Malaysia, Poland, Russia, Singapore, South Korea, Spain, U.A.E, UK, US.

Another aspect that this study excerpt from Neilson’s survey is the percentage of people worldwide interested in major sports, which if analyze suggests that there is good future prospect/potential of investment and expansion in soccer ball industry for Pakistan. As the study highlights that the soccer (footballs) topped the list of major sports that people like worldwide.

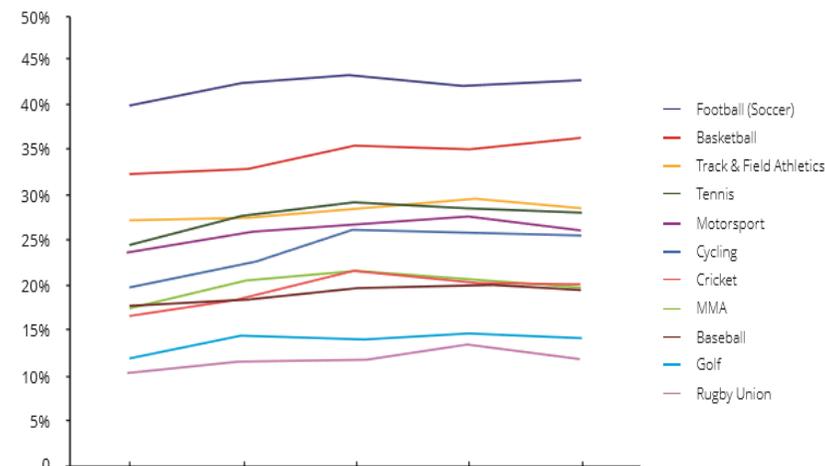


Figure 22 Peoples worldwide interest in major sports, Markey survey Nielson Sports DNA

Additionally, to highlight demand side prospect the study incorporate result from another survey conducted by FIFA April 2018, on the 24 markets across Europe, America, Asia, Africa and Australia which argue that the fans of the soccer ball isn’t confined to the male audience but there is nearly 31 per cent of women across these market who are interested in soccer ball, which make soccer the most popular sports among women followed by basketball with 28 per cent, thereby suggesting that FIFA World Cups and other major events of soccer ball provides landmark opportunities for the soccer ball manufacturer, such as Women’s World Cup, 2019, European leagues, Champions league and World Cup of 2022 in Qatar.¹⁹

7.3.1 Potential market’s interest in various demographic segments

Given below is the result of the survey conducted in the various demographic segments of the US regarding the interest of people in the game of soccer.

¹⁹ FIFA Data, survey of 24 market across Europe, America, Asia, Africa and Australia.

In the US market 32 per cent of the population are interested in playing soccer ball out of that 38 per cent are men and 26 women, it further illustrates the income wise consumption of soccer ball which highlights that 41 per cent of medium income people is the highest consumer of the soccer ball.

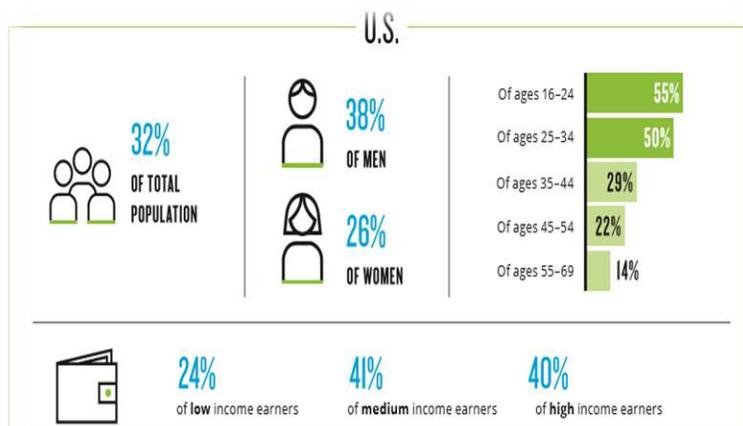


Figure 23 Markey survey Nielson, Percentage of Population interested in playing soccer ball

7.4 SWOT Analysis of the Soccer Ball industry in Pakistan

Following is the SWOT analysis of the soccer ball industry of Pakistan

7.4.1 Strengths

- The availability of skilled labor in abundance.
- The presence of independent stitching facilities and large enterprises in Pakistan.
- As a major export zone, the sector highly attracts government intervention.
- The presence of international agencies, NGOs and visionary Chambers and Association working all together for the development of the industry.
- The foreign exposure of entrepreneurs and their strong relations with the multinational brands.
- Highest international market share of a soccer ball in the Sports Goods cluster of Pakistan.

7.4.2 Weaknesses

- The high dependence of industry on international buyers.
- Lack of local brands and its competitiveness internationally.
- Lack of R&D and weak testing facilities in the industry.
- Use of obsolete printing, lamination and cutting technology.
- Non-compliance of international labor laws and inefficient monitoring mechanism in the industry.
- The industry has a weak supply chain of raw material, which is highly dependent on imports of raw material.

- Lack of innovation and designing skills in the industry.

7.4.3 Opportunities

- Focus on new technology for soccer ball manufacturing.
- Raw material diversification at the local level.
- Fully utilization of Sports Industrial Development Center (SIDC, see details in Appendix) established recently for compliance and training purpose.
- Skill and capacity development program for manpower.
- Development of laboratory testing facility by government and international agencies on compliance.
- Opportunities for a joint venture with international manufacturers.

7.4.4 Threats

- The decreasing price trend internationally is the biggest threat.
- The increasing use of the mechanized ball in international events.
- Non-compliance to the international labor, social and environmental laws resulting in the withdrawal of business deals.
- Cut-throat competition among the local and international players.
- The weak supply chain of raw material specially (phthalate-free) that doesn't meet the increasing demand of the industry.
- The increasing gap between product value and brand value.

8. Recommendations

This study was carried on the Sports Goods export of Pakistan at Hs 06 code to identify potential Sports Good product and its potential markets. The study identifies soccer ball as a potential product in the Sports Goods cluster after thorough analysis of the sector and therefore it recommends the following measures after detail analysis of the industry and its exports from Pakistan. Considering the above diagnosis, value chain and SWOT analysis. The following strategies are recommended to work upon.

- Developing a soccer ball institute in line with the international standards to improve product quality.

- Provide technical and financial support for automation of infrastructure and mechanization of the stitching process.
- The industry needs design experts who can assist in innovative ideas for the industry.
- The potential market identified in the study must be exploited to increase market share.
- Develop local brands and established them, so that they can compete internationally.
- Improve monitoring mechanism to comply with international standards.
- Provide exposure to the industry by facilitating a visit to the best soccer ball factories in the world.
- If needed hire experts/consultant on modern technology such as machine stitching, thermo molding and printing facilities from China or Thailand.
- Develop Made in Pakistan football brand locally and try to establish it internationally.

Further, it is suggested to establish an alternative raw material solution for the industry as most of the material for professional ball is imported thereby increases the production cost, vulnerability and volatility. Therefore a thorough strategy should be devised to control the prices in short term and in long run an alternative of raw material imports such as phthalate-free PVC, Raxzin and other synthetic material should be established indigenous such as NAFTA cracking plant which can use residuals of local oil refineries to produce raw material required for many industries such as PVC (Phthalate vinyl chloride).

Lastly, the study suggests potential market opportunities based on demand and market share of the inflatable ball, thereby suggesting the US as a potential market. Additional event-based markets are also suggested such as Qatar for FIFA World Cup, 2022, France Women's World cup 2019 and Japan for Olympics games 2020, Moreover EU as a whole is seen as a potential market due to club football such as European Leagues, Champions League and Premier League.

9. Appendix

9.1 General Non-Tariff barriers

Requirement - 1 Restricted use of certain substances (NTM code - B22)

Restriction on the use of certain substances as components or material to prevent the risks arising from their use: Example: a) Restricted use of solvents in paints; b) the maximum level of lead allowed in consumer paint.

Requirement - 2- Labelling requirements (NTM code - B31)

Measures regulating the kind, color and size of printing on packages and labels and defining the information that should be provided to the consumer: Labelling is any written, electronic, or graphic communication on the packaging or on a separate but associated label, or on the product itself. It may include requirements on the official language to be used as well as technical information on the product, such as voltage, components, instruction on use, safety and security adviser, etc. Example: Refrigerators need to carry a label indicating its size, weight as well as electricity consumption level.

Requirement - 3- Product quality or performance requirement (NTM code - B7)

Conditions to be satisfied in terms of performance (e.g. durability, hardness) or quality (e.g. content of defined ingredients) Example: Door must resist certain minimum high temperature

Requirement - 4- Certification requirement (NTM code - B83)

Certification of conformity with a given regulation: required by the importing country but may be issued in the exporting or the importing country Example: Certificate of conformity for electric products is required.

Requirement - 5- Inspection requirement (NTM code - B84)

The requirement for product inspection in the importing country: may be performed by public or private entities. It is similar to testing, but it does not include laboratory testing. Example: Textile and clothing imports must be inspected for size and materials used before entry is allowed.

9.2 Pakistan Hardcore Sports Goods exports from 2013 to 2017

Code	Product label	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
'950662	Inflatable balls	155,796	195,557	168,833	163,574	157,410
'950699	Articles and equipment for sport and outdoor games n.e.s.; swimming and paddling pools	47,822	47,344	44,806	38,992	27,552
'950669	Balls (excluding inflatable, tennis balls, golf balls, and table-tennis balls)	14,344	15,500	14,836	13,281	12,310
'950691	Articles and equipment for general physical exercise, gymnastics or athletics	1,012	3,289	1,625	1,705	3,370
'950659	Badminton and similar rackets, whether or not strung (other than tennis rackets and table-tennis ...	762	906	972	1,164	1,529
'950651	Tennis rackets, whether or not strung (excluding table-tennis bats)	393	528	657	902	1,340
'950640	Articles and equipment for table-tennis	2	32	4	141	339
'950661	Tennis balls (excluding table tennis balls)	46	55	34	116	231
'950619	Ski equipment for winter sports (other than skis and ski-fastenings [ski-bindings])	55	89	17	43	128
'950632	Golf balls	12	44	127	83	83
'950612	Ski bindings	-	-	-	-	40
'950639	Golf equipment (excluding balls and complete clubs)	-	48	59	25	30
'950629	Water-skis, surfboards and other water-sport equipment (other than sailboards)	5	91	26	4	18
'950611	Skis, for winter sports	-	-	-	4	12
'950670	Ice skates and roller skates, incl. skating boots with skates or rollers attached	2	15	10	-	3
'950621	Sailboards	-	-	-	-	2
'950631	Golf clubs, complete	2	-	-	-	-

Source: Trade Map

Value in US\$ Thousands

9.3 Top 20 importing markets of Pakistani Sports Goods

Importers	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
World	220,251	263,501	232,005	220,033	204,396
Germany	26,628	36,102	33,014	36,332	30,696
United States of America	22,376	21,457	23,490	19,124	19,622
United Kingdom	15,449	25,550	23,693	20,586	16,898
Netherlands	11,207	18,517	12,059	11,744	12,402
Belgium	16,792	17,145	14,858	15,475	11,153
Denmark	8,926	7,858	9,640	9,356	10,123
Spain	8,907	12,088	10,568	8,627	8,307
China	2,160	3,109	7,294	5,411	7,480
Italy	8,361	10,614	8,245	7,746	6,486
Argentina	6,005	3,826	5,331	8,768	6,050
United Arab Emirates	8,553	9,997	8,817	5,891	5,402
Mexico	5,095	4,389	6,454	5,993	5,330
Japan	6,213	6,926	4,664	4,721	4,948
Korea, Republic of	4,972	5,190	4,255	4,521	4,817

Russian Federation	3,314	12,706	2,632	4,668	4,729
South Africa	4,447	3,725	3,777	3,383	3,673
Australia	4,742	4,859	4,503	4,156	3,486
Brazil	9,457	5,453	4,461	3,012	3,378
Chile	2,203	3,837	2,941	3,331	2,871

Source: Trade Map

Value in US\$ Thousands

9.4 Top supplying countries of Sports Goods in the world

Exporters	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
World	24,163,859	25,780,117	24,284,262	23,264,426	24,845,364
China	9,857,936	10,862,094	10,576,068	9,246,875	9,650,506
United States of America	2,016,507	2,045,184	1,934,705	1,931,280	2,005,056
Taipei, Chinese	1,468,488	1,574,954	1,528,146	1,524,234	1,610,348
Germany	1,030,177	1,128,388	1,020,125	1,035,225	1,094,341
Italy	794,795	845,168	763,183	869,239	946,858
Hong Kong, China	1,375,235	1,255,961	1,042,315	842,677	945,100
Netherlands	476,149	627,272	523,745	751,460	799,369
France	686,711	717,106	627,779	646,406	728,389
Austria	665,035	674,952	569,213	557,999	639,957
United Kingdom	528,166	595,826	591,054	585,193	615,253
Belgium	540,649	468,063	410,808	466,105	471,951
Mexico	267,569	300,491	316,123	344,167	435,597
Spain	280,872	313,978	294,505	372,570	431,776
Japan	420,198	417,509	386,597	394,844	417,178
Thailand	519,769	498,950	450,834	405,951	415,996
Czech Republic	335,195	363,871	316,782	344,587	414,018
Canada	291,188	328,200	343,713	326,684	316,058
Viet Nam	169,321	210,710	252,356	252,832	307,171
Poland	70,957	86,089	148,010	182,009	235,235
Sweden	181,127	203,651	181,864	186,973	215,910
Pakistan	220,251	263,501	232,005	220,033	204,396

Source: Trade Map

Value in US\$ Thousands

9.5 Inflatable Ball (950662) top exporter from 2013 to 2017

Exporters	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
World	1,428,867	1,563,106	1,396,127	1,360,958	1,272,329
China	741,107	753,643	716,153	634,571	573,547
Pakistan	155,796	195,557	168,833	163,574	157,410
Viet Nam	43,407	60,321	63,483	68,867	85,221
Belgium	76,501	76,126	71,027	85,474	81,623
Thailand	88,995	86,212	82,027	77,512	79,314
Germany	74,982	94,652	69,336	95,121	78,550
Italy	39,929	43,147	34,856	37,963	35,934
France	14,261	17,981	20,853	22,388	22,310
Spain	18,783	18,731	16,138	21,125	17,951
India	30,064	35,443	25,076	16,038	15,640
United Kingdom	11,374	18,712	17,916	13,478	13,960
Netherlands	10,416	25,228	10,167	18,667	11,630
Indonesia	20,150	17,541	11,280	12,163	10,433

Source: Trade Map

Value in US\$ Thousands

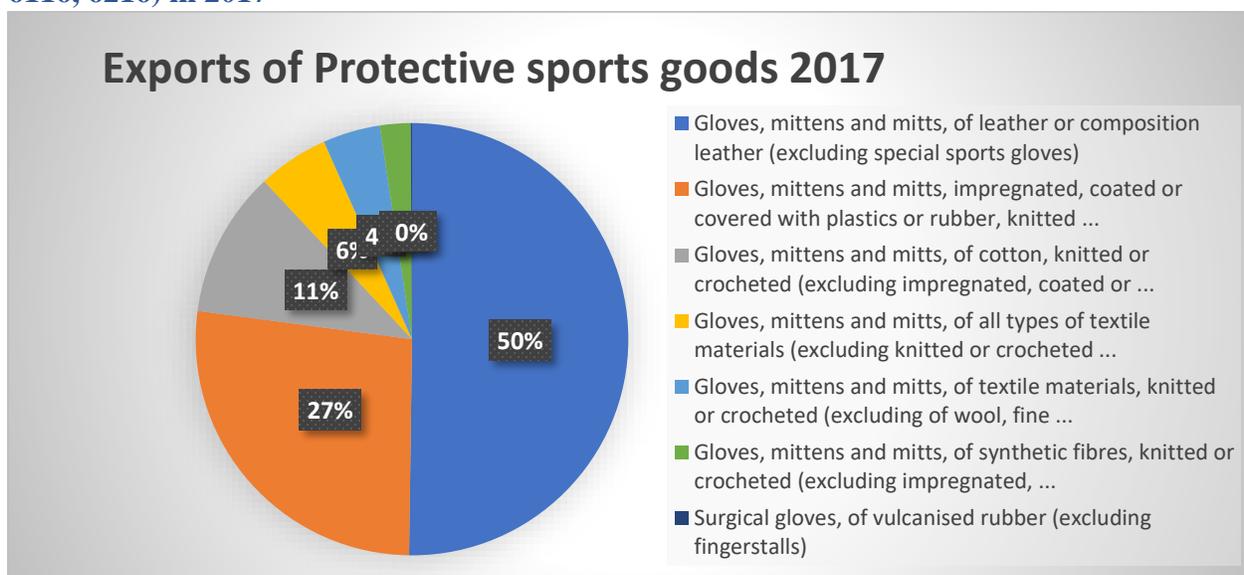
9.6 Sport Gloves (420321) Exports, Market share and potential markets in the year 2017

Importers	Exported value in 2017	Imports from World	Market share	Potential and Non-Potential
World	102,205	1206,450	8.47	P
United States of America	23,008	233,008	9.87	P
Germany	14,263	898,36	15.88	NP
United Kingdom	11,459	57,880	19.80	NP
Netherlands	4,512	24,158	18.68	FALSE
Spain	4,035	438,27	9.21	FALSE
Italy	3,612	32,706	11.04	FALSE
France	3,341	71,955	4.64	FALSE
Canada	3,065	20,026	15.31	FALSE
Poland	3,040	13,393	22.70	FALSE
Belgium	3,006	52,952	5.68	FALSE

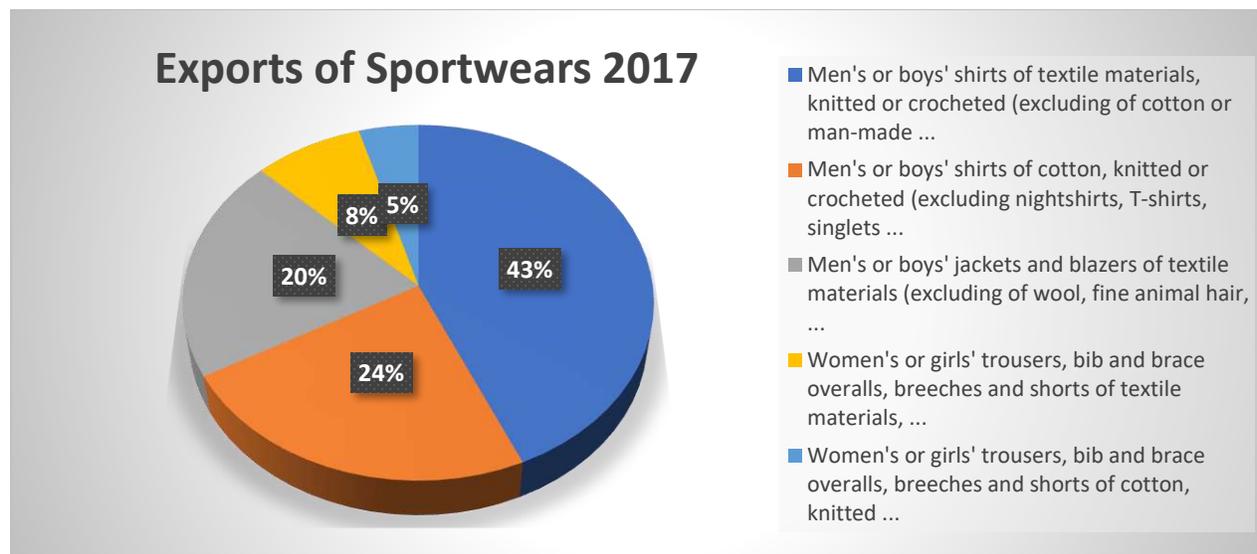
Source: Trade Map

Value in US\$ Thousands

9.7 Protective Sports Goods (Gloves, Mittens and Mitts) export share (4015, 4203,4203, 6116, 6216) in 2017



9.8 Sportswear exports share (6103,6104, 6105,6112, 6211) in 2017



9.9 Leading Exporters & Manufacturers of Sports Goods

Sr	Company	Contact Person	Product	Ph #	Fax #	E-mail
1	Anwar Khawaja Ind S.I.E Sialkot	Mr Khurram Anwar	Sportswear Football	052-3551004	052-3553609	aki@skt.pk.com.pk
2	Forward Sports (Pvt) Ltd Wazirabad Road Pakka Garah Sialkot	Kh. Masood Akhtar	Football Volleyball Rugby ball	052-4260896-7	052-4260511-12	masood@forward.com.pk
3	Ali Trading Co (Pvt) Ltd 6Km Daska Road Sialkot	Mr Ghazanfar Ali Shabbir	Football Sportswear Hockey Sticks	052-3251101-3	052-3550414	alitra@alitransports.com
4	Tajmahal Sports Daska Road Sialkot	Mr Khalid Mahmood	Sportswear Football	052-3554933 3552023 3553933	052-3554033	tajmahal@skt.comsats.net.pk
5	H. Wahid Sons Mfg. Corp. Lane 5 Unit 5,6,7 S.I.E Sialkot	Sh. Muhammad Mushtaq	Football Rugby ball Volleyball Baseball	052-3555582	052-3555581	mundo@sethi.com
6	Awan Sports Shitab Ghar Sialkot	Mr Jahangir Awan	Football Rackets Basketball Hockey Sticks	052-3551365-66 3561601-02	052-3550789 3561603	asil@brain.net.pk info@awansports.com
7	Madrigal Sports (Pvt) Ltd Daska Road Sialkot	Syed Shahid Raza	Football Sportswear	052-6527156-58	052-6527154-55	exports@madrigalsports.com
8	Capital Sports Corp (Pvt) Ltd Kashmir Road Pakka Garah Sialkot	Khawaja Zakauddin	Football Rugby ball Handball	052-4265831 4265833-34	052-4265832 3553790	export@capital-sports.net info@capital-sports.net

9	M/s K.M. Ashraf & Sons (Pvt) Ltd Pul Aik Aminabad Road Sialkot	Kh. Musharaf Iqbal	Football, Sportswear	052-3540645-47	052-35405143 3542585	export@kmashraf.com.pk production@kmashraf.com.pk
10	Swisspo Sports Mfg. (Pvt) Ltd Christian Town Sialkot	Mr Abdul Jabbar	Sports Gloves Leather Fashion Garments	052-4264920-21	052-4264922	sportswar@swopoo.com
11	Reema Group of Companies 11/208 Neka Pura Sialkot	Mr Abdus Salaam	Football Ruby ball Volleyball	052-3541247 3541249	052-4610140	reemasons@reemagroup.com
12	Talon Sports (Pvt) Ltd., Daska Road, Sialkot	Mr Muhammad Saleem Baryar	Football, Sportswear, Shoes	052-6526633 - 6526644	052-6526833	info@talonsports.com
13	C.A. Sports (Pvt) Ltd Hajipura Daska Road Sialkot	Mr Tariq Mahmood	Cricket Bats Sportswear	052-3554222 38258056	052-3553825 3560108	sales@ca-sport.com.pk
14	Malik Sports S.I.E Shahab Road Sialkot	Malik Sarfraz	Hockey Sticks Cricket Bats	052-3255398	052-3552602	malik@skt.comsats.net.pk
15	Zia Sports (Pvt) Ltd Kareem Pura Sialkot	Mr Arif Mahmood Sh.	Football Sportswear	052-4601700	052-4688663	ziasport@gir.paknet.com.pk
16	Durus Industries, Daska Road, Sialkot	Mr Muhammad Iqbal	Football	052-6556321-26	052-6556327	durus@durusind.com
17	Five B Sporting Goods Mfg. Co., Near Defence Road, Karmanabad, Sialkot	Mr Nasir Saleem	M.M.A., Boxing equipment	052-3550668	052-3550406	fiveb@brain.net.pk
18	Reemaxe Industries (Pvt.) Ltd., Toorabad, Daska Road, Sialkot	Mr Saeed-ur-Rehman	Football, Sportswear, Gloves	052-3561922-4	052-3560732	pak@reemaxe.com.pk
19	Chenab Sports (Pvt) Ltd Capital Road Sialkot	Mr Shahid Pervez	Hockey Sticks Boxing Gloves Martial Arts	052-3563336-38	052-3553205	chenabsp@brain.net.pk
20	JSD Sports (Pvt) Ltd Mir St. Mir Muhammad Younis Road Sialkot	Mir Muhammad Dawood	Football Rugby ball Volleyball Baseball, Sportswear	052-4603270-71	052-4588528	jsdmir04@gjr.paknet.com.pk services@jsdsports.com
21	Vision Technologies Corporation (Pvt.) Ltd., 14-Km, Pusroor Road, Sialkot	Mr Ahsan Naeem	Football	052-3549393	052-3549293	ahsan@vision.com.pk , vision@vision.com.pk
22	Modesty Sports(Pvt) Ltd Malkaykalan China Chowk Sialkot	Muhammad Boota	Sports Goods Sports Wears Textile Garments	052-3550554	052-3559604	modesty@modesty.com.pk export1@techland.com.pk
23	Silver Star Ent (Pvt) Ltd 19-Km Daska Road Sialkot	Sh. Jahanger Iqbal	Football Gloves Jackets	052-6227811-14	052-6227818-19	sstar@s-stargroup.com info@s-stargroup.com
24	Starla Group, Said Pur Road, Rahim Pur Khichian, Gujjar Town, Sialkot 51310	Mr Muhammad Sarwar	Boxing Gloves & Accessories, Weight lifting Gloves, Belts and Heavy bags	052-4271946	052-4295446	sarwar@starlagroup.com
25	Yasir Industries, Saidpur/Gondal Road, Sialkot – 51310	Mr Qaiser-u-Zaman Sarwar	Soccer balls and Sportswear	052-4295997	052-4295998	info@yasirindustries.com
26	Ballon De Sports, Nasir Road, Sialkot	Mr Tahir Nadeem	Football, Martial Arts, Sportswear, Soccer Shoes	052-3552099-4583546	052-4588947-4583546	ballon@skt.comsats.net.pk

27	Cobija Industries, 1-Km Aminabad Road, Sialkot	Mr Muhammad Asghar	Sports Shoes, Motorbike Racing Shoes, Motorbike Gloves	052-3614997	052-3614998	info@cobija.biz export@cobija.biz
28	Fircos Industries (Pvt.) Ltd., Daska Road, Sialkot	Mr Majid Sohail Bhutta	Sports Shoes	052-3552771-5, 3553068	052-3550343-3552770	fircos@skt.comsats.net.pk
29	DK Industries (Pvt.) Ltd., 5-Km Saidpur/Gondal Road, Sialkot	Sh. Muhammad Zain Aziz Kapur	Sportswear	052-4294561-3	052-4294564-4261697	info@dkind.com.pk
30	Dita (Centre de Commerce), Khadim Ali Road, Sialkot	Mr AJmal Iqbal	Hockey Sticks	052-3256690-92	052-3553792	dita@skt.comsats.net.pk
31	VIP Group, Saidpur Road, Sialkot	Mr Aamir Dar	Sportswear	052-4260850-1	052-4262852	info@vipwears.com

9.10 Sports Industries Development Centre - Sialkot

INTRODUCTION

Sports Industries Development Centre (SIDC) is a project of Small and Medium Enterprise Development Authority (SMEDA) funded by Ministry of Industries and Production (MoI&P) Government of Pakistan, to help sports goods sector to adopt new technology of Mechanized Thermo Laminated Balls by providing the production facilities for SME's, Technical Advisory Services, Mold Making Machinery Services and Training to Manpower.

SIDC proudly introduces itself as ISO 9001:2015 certified manufacturers of Bladders, Thermo Laminated Soccer Balls, Futsal Balls, Rubberized Basketballs, and Volleyballs using state of the art technology.

PROJECT OBJECTIVES

- Facilitate in sustaining Pakistan's position in the International market of inflatable balls in general and soccer ball in particular.
- Develop prototype sample & manufacturing of bladders, thermo balls, basket balls and valley balls for the industry.
- Training of workers in mould/rubber technologies / mechanized ball.
- Provision of manufacturing facilities for SMEs to secure their export orders for mechanized inflatable balls.
- Develop quality vulcanization and pasting molds.
- Provide services for reverse engineering.

BRIEF PROFILE OF SECTOR

Sialkot is internationally known as a producer of good quality products in sports, surgical instruments, leather garments, gloves & accessories, sportswear and musical instruments. Around 400,000 plus people are engaged directly or indirectly with export activities. Annual export earnings of the city are around the US \$ 1 Billion.

Sports goods sector is the main export sector of the city with total exports of US \$ 450 million per annum. Sialkot caters to around 70% of the total world demand of hand stitched inflatable balls which translates into around 40 million balls annually worth the US \$ 210 million. These balls are produced by a workforce of nearly 60,000 and exported to world markets by 1,000 plus entrepreneurs, the majority of which fall under SME definition.

OVERVIEW OF THE PROJECT

Setting up the Sports Industries Development Center (SIDC) is the core initiative in the strategy of infusing Mechanized inflatable ball technology in the local industry. The installed capacity on single shift basis is 3,500 balls per day (Thermo balls, Basket Balls, American Balls, Volley Balls and Bladders). However, it may be enhanced in two shifts depending on the need.

PROJECT STATUS:

The project has completed and Project Inauguration was laid on March 01, 2018 by honorable Federal Minister for Industries & Production.

Thermo ball, Basketball, Bladder, Workshop and Laboratory machines/equipment are installed, commissioned, tested and providing services to local industry as per requirement within the available facility. SIDC thermo balls got approval from FIFA and IMS through the client. SIDC basketballs got approval from IMS through the client. IPR registration is under process.

FACILITIES PROVIDING TO SMEs AND LOCAL INDUSTRY

- **Manufacturing Facilities:** SIDC project providing manufacturing facilities of high-quality Bladders, Basketballs, Thermo balls, Hybrid Ball, Volleyballs, American Balls, Rubber Nozzles and yarn winding of bladders to SMEs and local industry as per requirement within the available facility.
- **Laboratory testing Facilities:** All types of tests as per FIFA standards for the thermo ball, basketball as per FIBA, bladder & raw materials.
- **Workshop Facilities:** All kinds of cutting Dies, Molds & some types of bending Dies. Processing & reshaping of small and medium sized mold cavities as well as shaping of specialized high strength spare parts. Cutting flat or formed surfaces on work pieces especially with high efficiency. Samples of surgical parts as well as of cutlery items.
- **Advisory Services:** Advisory Services to local industry for setting up a new production unit of thermo ball, basket ball, volley ball and bladders. Advisory Services to local industry for Trade mark and Pattern registration in Pakistan & foreign countries.
- **Training of Manpower Facilities:** SIDC providing training to manpower from local market in bladder section, thermo section, basketball, workshop, Boiler and Electrical Sections. SIDC has given training 300 plus students in different sections among these trainees mostly trainees are working in different organizations. Training is also under process with the collaboration of National Vocational Technical and Training Council (NAVTTTC) and Punjab Skills Development Fund (PSDF).

ACHIEVEMENTS / OUTCOMES

- Manufactured almost 1,600,000 bladders, 258,500/- yarn winding of bladders, 1,700,000/- Rubber Nozzles, 54,000 Thermo balls and 30,000 basketballs for the local industry up to December 2018. Volleyballs and American balls samples are also developed for the industry.
- SIDC has facilitated/ help about 11 companies for the setup of their own thermo units by making their linkage with the imported machinery suppliers and many through reverse engineering.
- SIDC is an ISO 9001:2015 QMS certified organization.