

# ANALYSIS OF LEBANON'S APPAREL MARKET



## TABLE OF CONTENTS

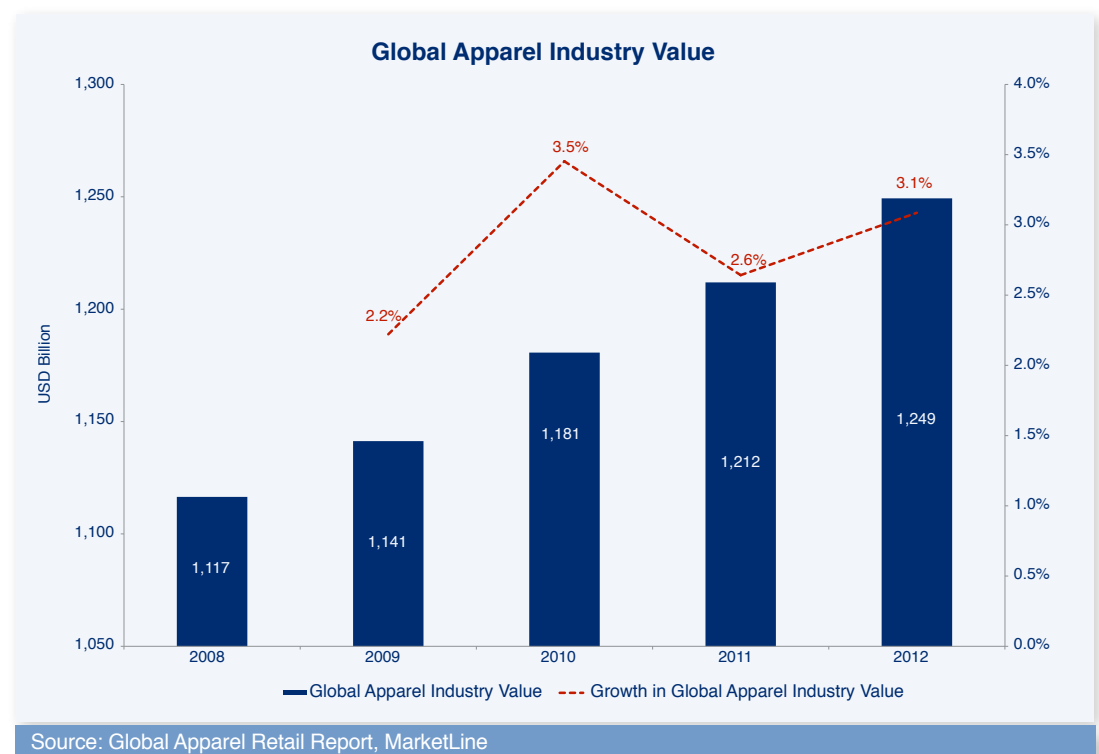
Global Apparel Market	3
Lebanon's Apparel Market	8
Apparel Imports and Exports	11
Evolution of Apparel Imports	11
Value of Apparel Imports by Type	12
Value of Apparel Imports by Country	14
Evolution of Apparel Exports	16
Value of Apparel Exports by Type	17
Value of Apparel Exports by Country	19
Lebanon's Apparel Market: A SWOT Analysis	21

## GLOBAL APPAREL MARKET

The apparel industry is considered one of the largest export industries in the world economy. Apparel production is a trigger for economic development, and is often considered, due to its low fixed costs and reliance on labor-intensive technology, the typical starter industry for economies involved in export-oriented industrialization. The apparel industry plays an important role in the producing economy in terms of employment, investments, revenues, and trade. This industry is characterized by great product differentiation, short product life cycles, along with a fast-paced coupled with an inflexible supply processes.

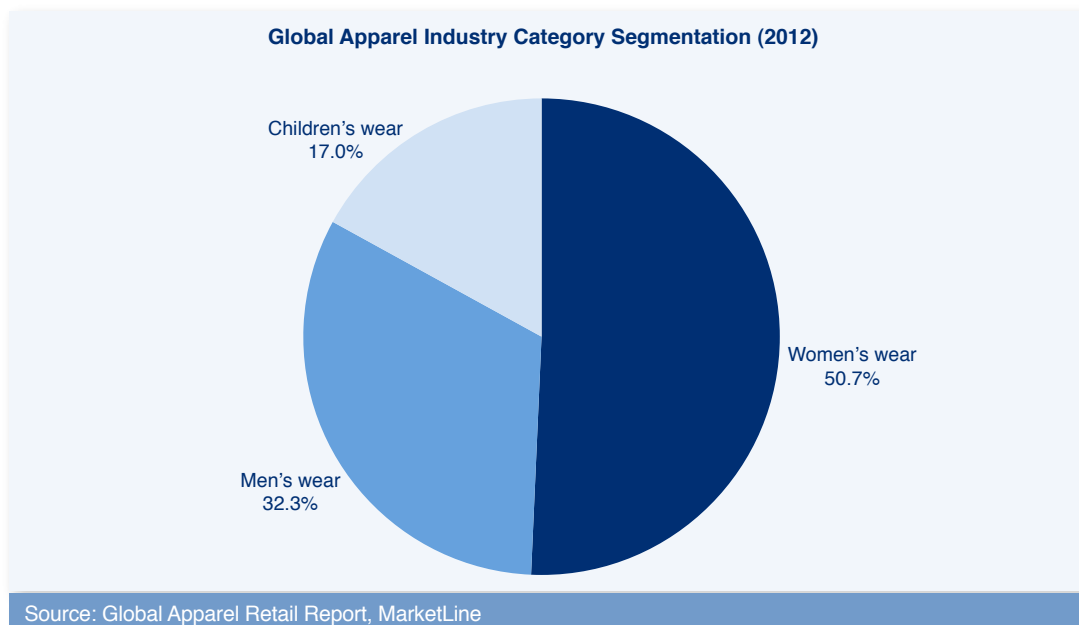
The global apparel industry has been growing at a rapid pace since the early 1970's, providing employment to millions of workers in the least-developed countries. Despite the rapid growth, the apparel industry has witnessed two major crises in the past years. The first crisis is a regulatory crisis, which extended over a period of ten years. Between 1995 and 2005, the World Trade Organization has phased out the Multi-Fiber Arrangement which devised preferential tariffs and quotas on apparel imports of the US, Canada, and many European countries. The phasing out of this arrangement concerned many apparel-exporting developing economies which feared that they would not be able to compete with low-cost rivals like China, Bangladesh, and India, and consequently be pushed out of the global trading system.

The second crisis is an economic crisis. The global recession, which was triggered by the financial breakdown in the US in 2008 and which rapidly spread to the major industrialized economies, took the world to the edge of one of the most severe economic crises in history. The recession affected apparel production, leading to factory shutdowns and sharp worker layoffs in the sector. Thus, following several years of solid revenue growth, the global apparel industry faced deteriorating demand conditions in 2009. Demand for apparel dropped specifically in Europe, US, and Japan. On the other hand, apparel demand in emerging markets, like China, maintained strong growth during this period, thus buffering the industry from being severely affected by the global recession. As such, global apparel industry is estimated to have sustained a moderate level of unstable growth for the period extending from 2008 to 2012, with an average annual growth rate of 2.8% over the abovementioned period.

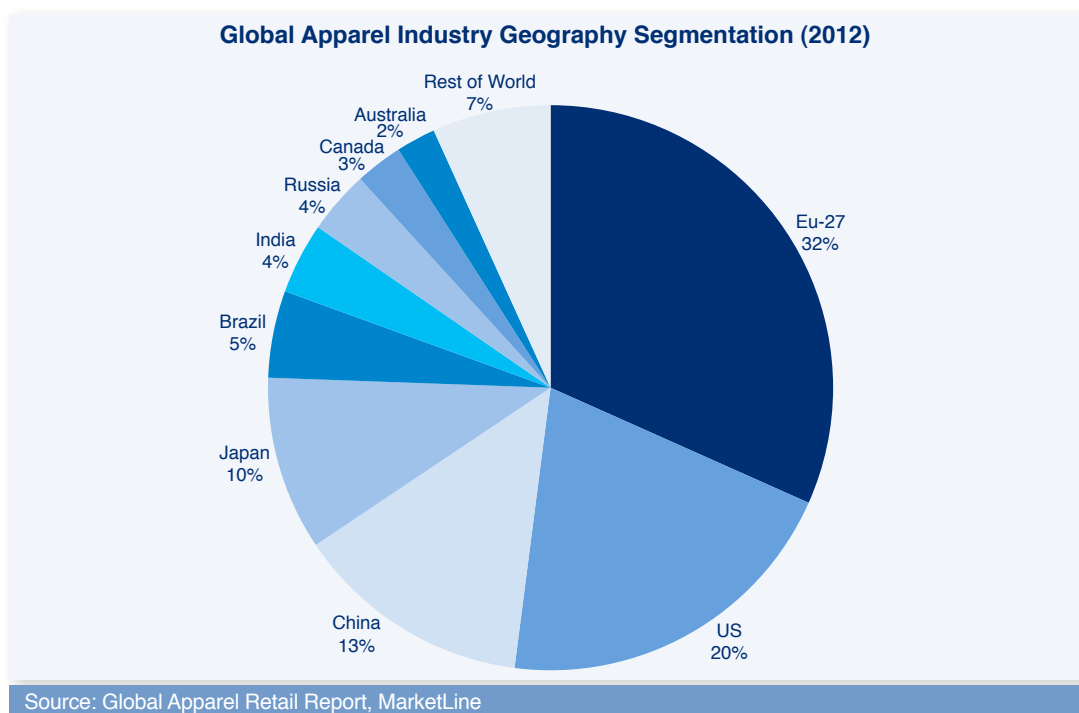


## GLOBAL APPAREL MARKET

When it comes to category segmentation, women's wear constitutes the largest segment of the global apparel industry with 50.7% share of the industry's total value in 2012. It is followed by men's wear segment which accounts for 32.3% of the industry during the same year. The remaining 17% of the industry is accounted for by children's wear.

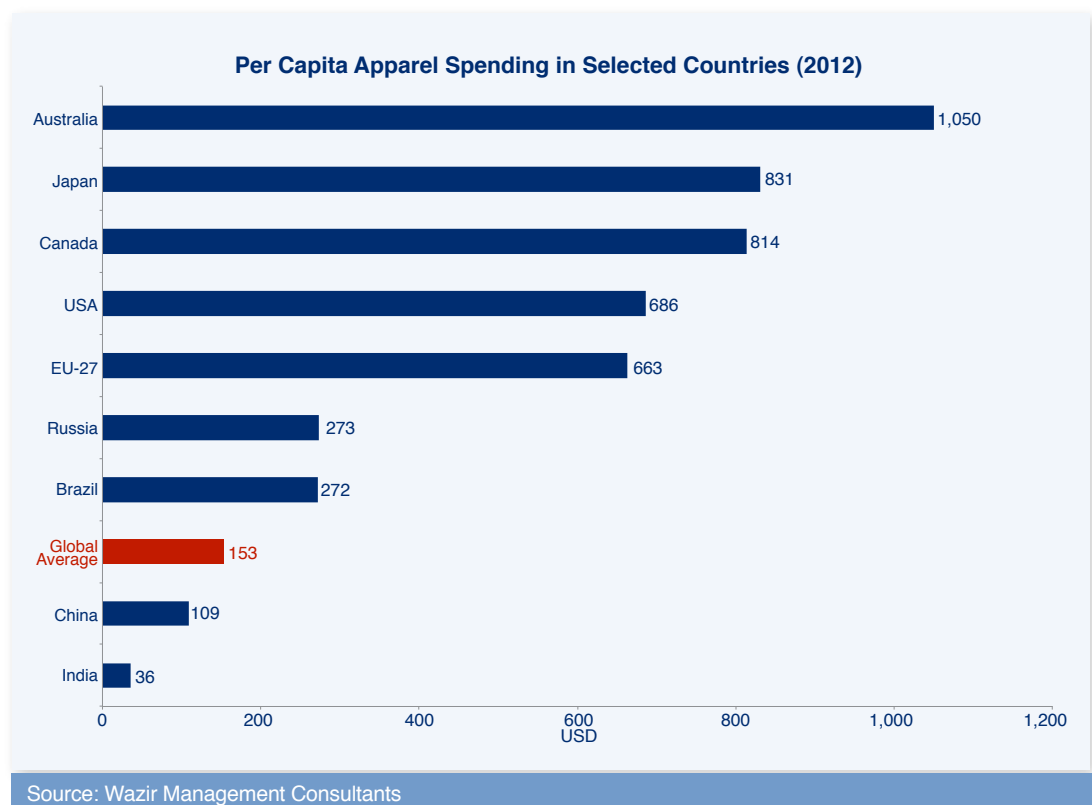


In terms of apparel industry value by area, EU-27 constituted 32% of total apparel industry value in 2012. Furthermore, NAFTA members (United States, Canada, and Mexico) are today responsible for 23% of the total apparel industry value with their share receding over the last decade. This is attributed to these countries' falling competitiveness as emerging economies fiercely developed their industrial sectors. As for China, it accounted for 13% of the apparel industry in 2012. China is followed by Japan and India which constituted shares of 10% and 4% of total apparel industry value in 2012. The rise of the apparel industry in Asian economies was aided by cheap available labor, hence reducing the competitiveness of European nations with sky-high labor costs.



## GLOBAL APPAREL MARKET

An analysis of per capita apparel spending shows a clear distinction between spending by developed and developing economies. India's per capita apparel spending was the lowest among developing markets in 2012 at USD 36. On the other hand, Australia had the highest per capita apparel spending at USD 1,050 in 2012. Each of Japan, Canada USA, EU-27, and Russia's per capita apparel spending exceed the global average per capita spending of USD 153, while China and India's per capita apparel spending falls below the global average.



## GLOBAL APPAREL MARKET

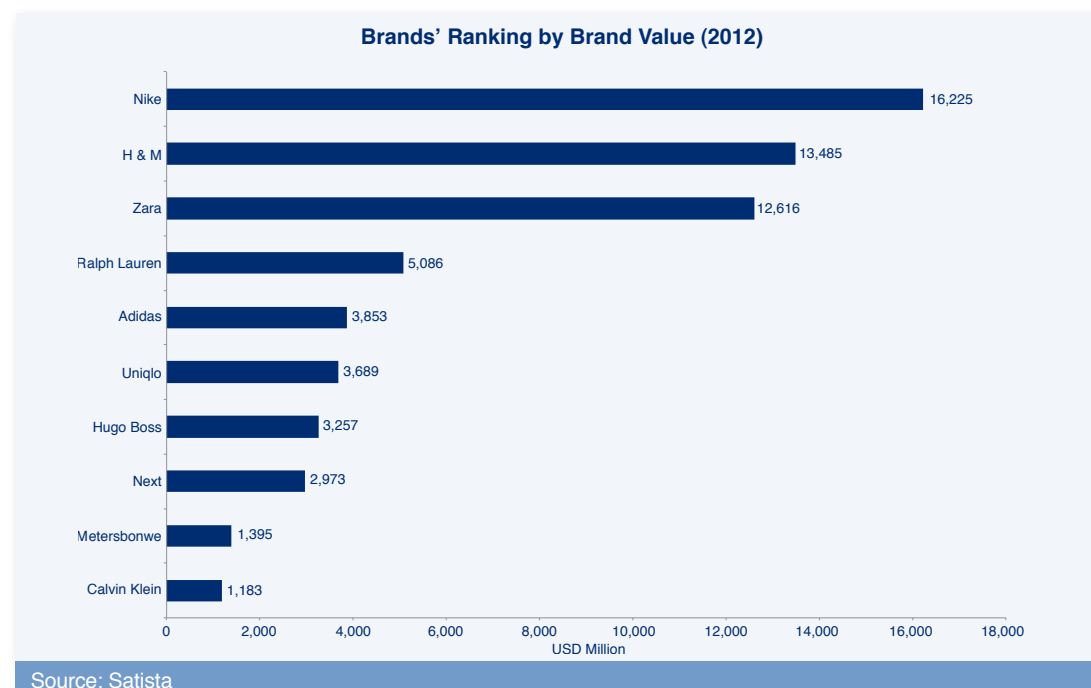
When it comes to apparel trade, the US is currently the biggest apparel importing country, with its apparel imports reaching USD 88.0 billion in 2012. It is followed by Japan which ranks second in terms of the value of apparel imports, having imported USD 33.9 billion in 2012. Germany ranks third with USD 33.6 billion of apparel imports, followed by UK (USD 22.5 billion), France (USD 22.0 billion), and Hong Kong (USD 16.3 billion). On the other hand, China is by far the world's biggest apparel exporter, accounting for USD 159.6 billion of total apparel exports. In fact, China's apparel export share advanced from about 9% in 1990 to around 38% percent in 2012. China is followed by Hong Kong which recorded USD 22.6 billion in total apparel exports. Italy ranks third with a value of apparel exports reaching USD 22.1 billion in 2012, followed by Bangladesh (USD 19.9 billion), Germany (USD 17.6 billion), and Turkey (USD 14.3 billion).

Top Apparel Importers (2012)		
Country	Rank	Imports (USD Billion)
United States	1	88.0
Japan	2	33.9
Germany	3	33.6
United Kingdom	4	22.5
France	5	22.0
Hong Kong	6	16.3
Italy	7	15.8
Spain	8	13.9
Netherlands	9	10.0
Canada	10	9.4
Russia	11	9.2
Belgium	12	8.5
Korea	13	6.3
Australia	14	6.1
Austria	15	5.8

Top Apparel Exporters (2012)		
Country	Rank	Exports (USD Billion)
China	1	159.6
Hong Kong	2	22.6
Italy	3	22.1
Bangladesh	4	19.9
Germany	5	17.6
Turkey	6	14.3
Viet Nam	7	14.1
India	8	13.8
France	9	10.3
Spain	10	9.7
Belgium	11	7.9
Netherlands	12	7.5
Indonesia	13	7.5
United Kingdom	14	6.9
United States	15	5.6

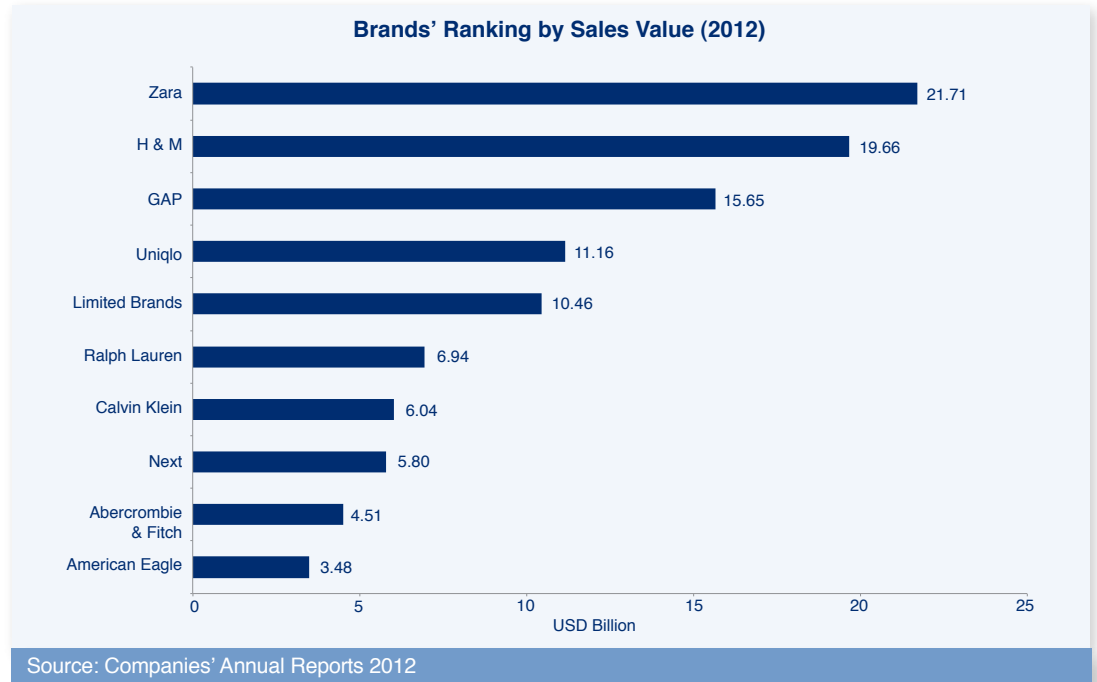
Source: World Trade Organization

The major players in the apparel industry include the American multinational company Nike which ranked first in terms of its brand value in 2012 that reached USD 16.2 billion. Second came the Swedish company H&M recording total brand value of USD 13.4 billion. The Spanish retailer Zara and the American brand Ralph Lauren came next, having achieved total brand value of USD 12.6 billion and USD 5.1 billion in 2012, respectively. German Adidas ranked fifth in 2012 achieving total brand value of USD 3.9 billion. It was followed by Japanese brand Uniqlo with a brand value of USD 3.7 billion during the same year.



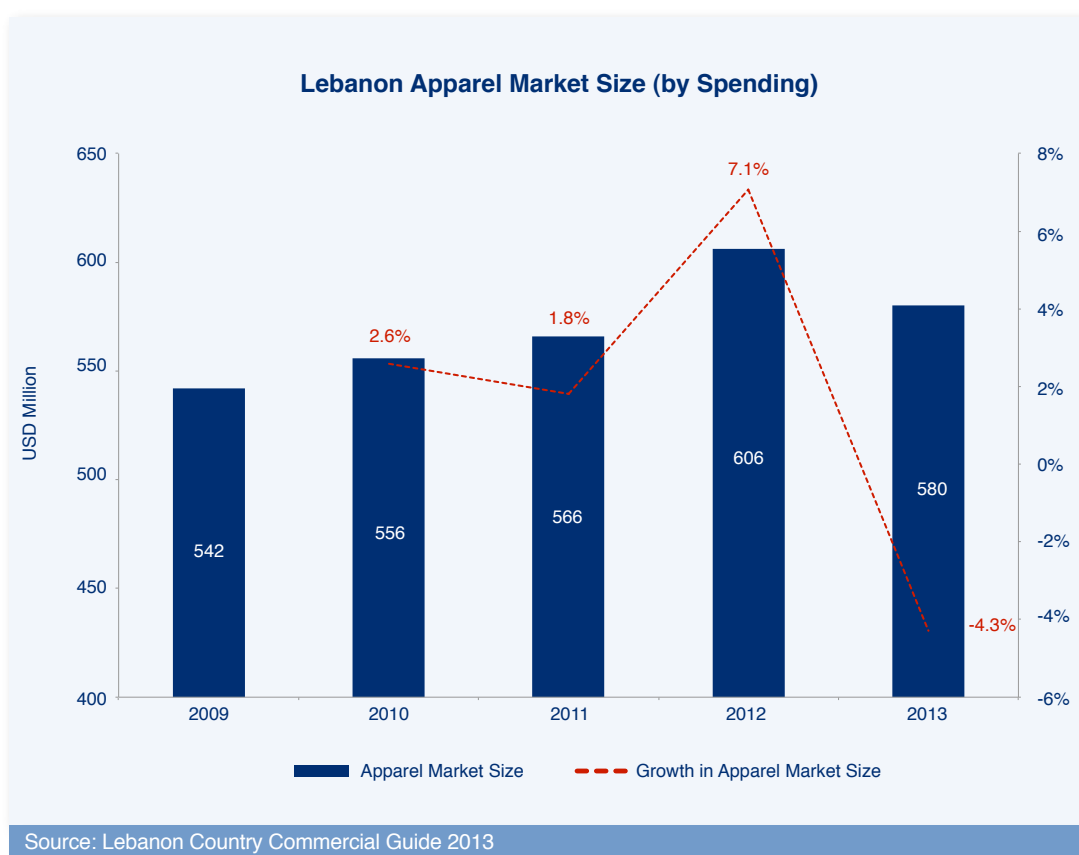
## GLOBAL APPAREL MARKET

As for global retailers' sales value in 2012, Zara ranked first with a total sales value that reached USD 21.71 billion. The Swedish company H&M came second with a total sales value of USD 19.66 billion. It was followed by the American retailer GAP and the Japanese brand Uniqlo, which achieved total sales value of USD 15.65 billion and USD 11.16 billion in 2012, respectively. Limited Brands, the parent company of Victoria's Secret, Pink, and La Senza ranked fifth in 2012 with total brand value reaching USD 10.46 billion. It was followed by Ralph Lauren and Calvin Klein with sales values exceeding USD 6 billion during the same year.



## LEBANON'S APPAREL MARKET

Lebanon's retail activity has traditionally been boosted by the large annual influx of Arab tourists and Lebanese expatriates into the country. This has resulted in the consistent and steady expansion of the country's apparel sector. In fact, over the period 2009-2012, Lebanon's apparel market size grew by an average annual rate of 3.9%, indicating a promising retail sector. However, the current local political stalemate and security instability coupled with spillover effects from the neighboring Syrian crisis have weighed heavily on the tourism sector, thus discouraging tourism in Lebanon. The drop in tourist arrivals and the consequent decline of tourist spending negatively affected the growth of Lebanon's apparel market, which was already facing lower local demand due to diminishing purchasing power. As such, Lebanon's apparel market size contracted by 4.3% in 2013 recording an estimated value of USD 580 million.



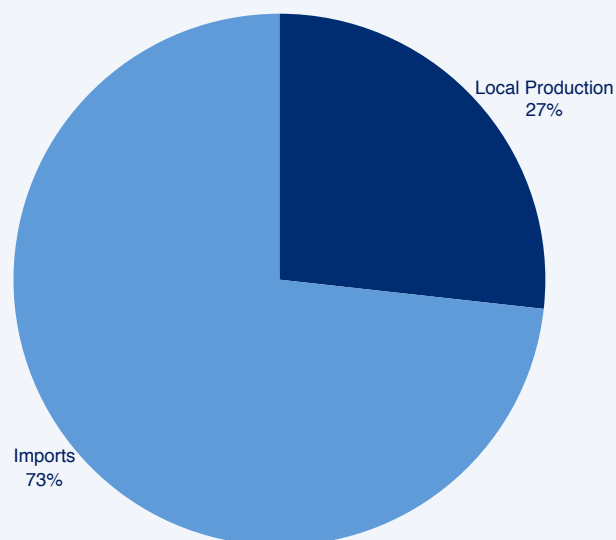


## LEBANON'S APPAREL MARKET

Apparel demand in Lebanon is mainly satisfied through imports, given the country's limited capacity for domestic apparel production. In fact, high production cost, fierce external competition, as well as low customs duty on imported textiles and clothing restricted the expansion of domestic apparel industry. Hence, Lebanon has always been a net apparel importer. During the year 2009, local production comprised 27% of Lebanon's apparel market while the remaining 73% consisted of imported apparel. However, as the country witnessed an economic slowdown in the past few years along with facing increased foreign competition in the sector, the share of local apparel producers fell by five percentage points to 22% of Lebanon's apparel market while the share of imports expanded to 78%.

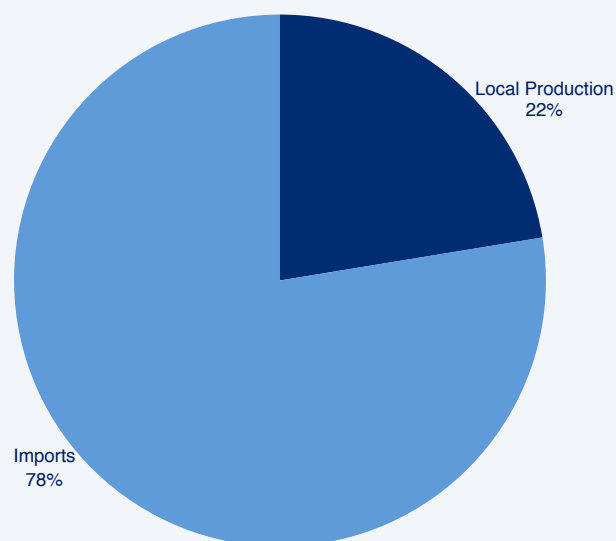
**Breakdown of Lebanon's Apparel Market in 2009**

USD 542 Million



**Breakdown of Lebanon's Apparel Market in 2013**

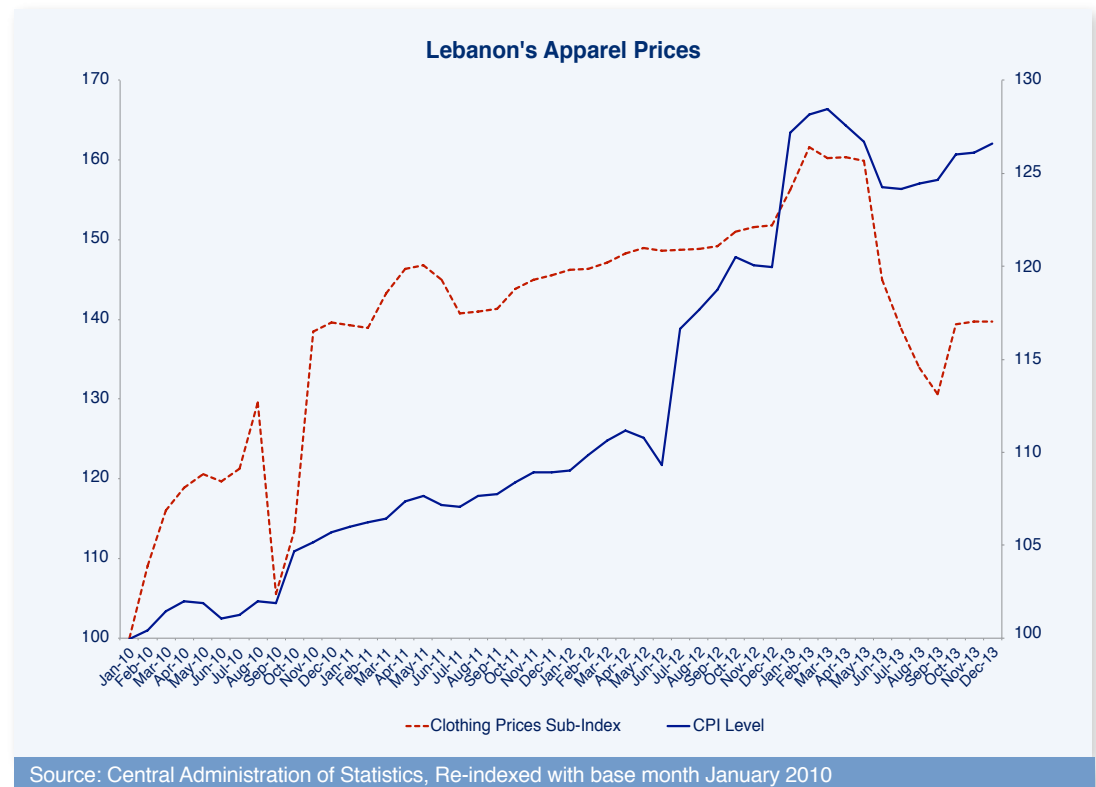
USD 580 Million



Source: Lebanon Country Commercial Guide 2013

## LEBANON'S APPAREL MARKET

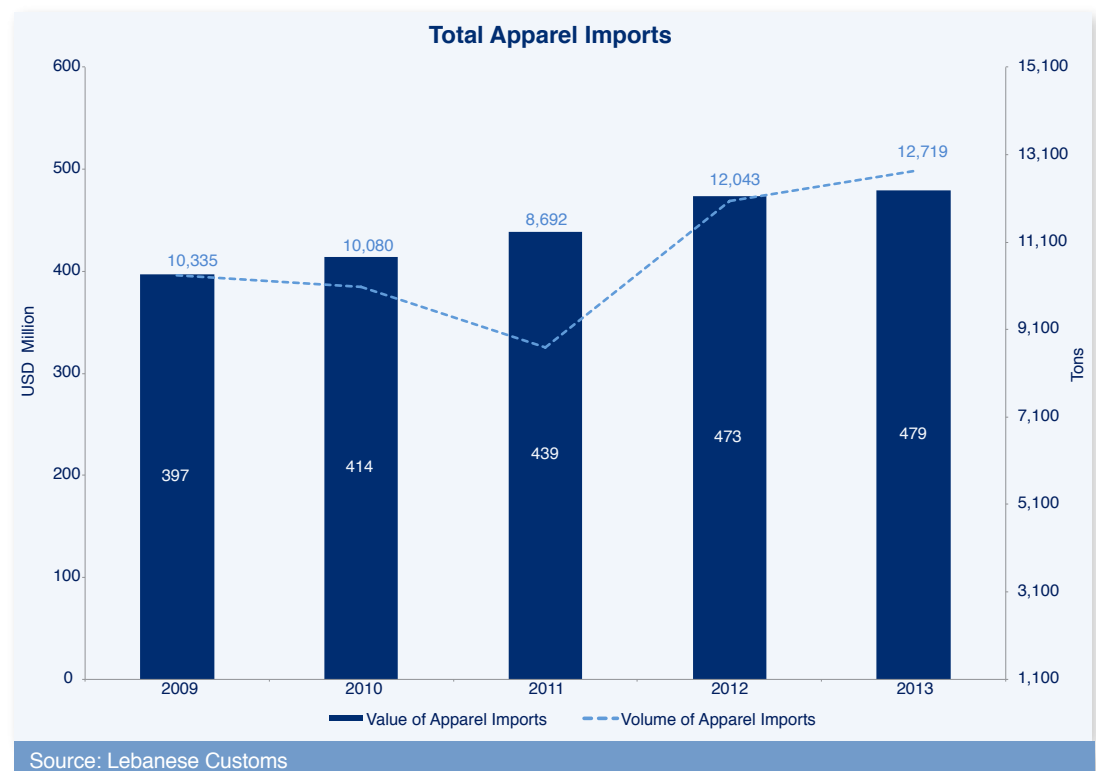
Clothing constitutes one of the components of Lebanon's consumer price index with a weight of 6.2% in the index computation. The clothing price index in Lebanon has been increasing faster than the consumer price index during the years 2010-2012 indicating an expansion in the apparel sector. In fact, clothing prices have increased by an average annual rate of 22% during the period 2010-2012. However, as the apparel sector contracted in the year 2013, clothing retailers cut down prices, offered discounts, and extended sales period in an attempt to revive the sector through encouraging local demand. Falling apparel prices during 2013 was reflected in the sharp 7.8% year-on-year drop in clothing prices sub-index during the year.



## APPAREL IMPORTS AND EXPORTS

### EVOLUTION OF APPAREL IMPORTS

The dynamism witnessed in Lebanon's apparel market during the period 2009-2012 has boosted the country's apparel imports. The value of apparel imports has increased consistently over the aforementioned period, growing at an average annual rate of 6% to reach USD 473 million in 2012. On the other hand, the volume of apparel imports dropped over the period 2009-2011 by an average rate of 8.2% annually but recovered in 2012 to record a significant 38.6% rise. As such, the cost per ton of imported apparels declined from USD 50,475 in 2011 to USD 39,306 in 2012. This indicates that apparel importers have adapted to the changing business climate, and thus shifting towards importing cheaper products. In 2013, and despite the contraction in Lebanon's apparel market, imports continued to expand, increasing by 1.3% in value during the year to reach USD 479 million. This rise was coupled with expanding apparel import volume which rose by 5.6%. The growing apparel imports do not reflect expanding sales of existing retail stores, but is rather due to the opening of new stores, specifically Beirut City Center shopping mall, which encompasses over 200 new apparel stores, hence remarkably enhancing apparel imports.



## APPAREL IMPORTS AND EXPORTS

### VALUE OF APPAREL IMPORTS BY TYPE

Lebanon's apparel imports are led by imported women's wear, which has increased by an average annual rate of 5.5% over the period 2009-2012, but deteriorated by 2% in 2013 reaching total value of USD 221.3 million. This deterioration comes in line with retailers' reluctance to invest in new stock given a dwindling demand. Specifically, imported women's suits, ensembles, and jackets constituted a share of 65% of imported women's wear. It is followed by imports of blouses and shirts with a share of 18% as well as women's coats and overcoats with a 5.5% share of total imported women's wear.

Likewise, imported men's wear has been on the rise during the period 2009-2013 increasing by an average annual rate of 6.% to reach USD 91.7 million in 2013. Men's suits, ensembles, and jackets constituted the highest 55% share of these imports with a value of USD 48.3 million imported in 2013. Second came men's knitted or crocheted shirts with a 28% share. Furthermore, imported coats and overcoats reached a total value of USD 6.9 million, equivalent to 8% share.

Babies' wear market has significantly expanded over the period 2009-2012 as indicated by expanding imports which recorded an average annual growth rate of 17.2% during the abovementioned period. In fact, despite the slowdown in the apparel sector, imported babies' wear still increased reaching a total of USD 22.6 million in 2013, hence indicating a 2% year-on-year increase.

Lebanon's imports of other apparel sub-categories have steadily increased over the period 2009-2013 totaling USD 143.7 million in 2013. Imports of jerseys, pullovers, cardigans led imports of other sub-categories of apparels with a 44% share. It was followed by imports of track suits, ski suits and swimwear, which constituted a 10% share.

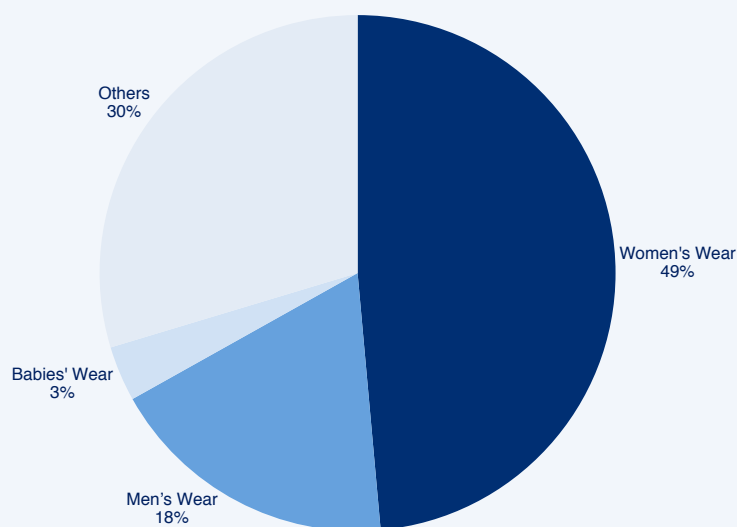
Breakdown of Apparel Imports by Type					
USD Million	2009	2010	2011	2012	2013
Womens' wear	192.8	202.3	219.7	225.9	221.3
% Change		5%	9%	3%	-2%
Mens' wear	72.7	74.4	77.5	88.2	91.7
% Change		2%	4%	14%	4%
Babies' wear	13.7	16.4	19.6	22.1	22.6
% Change		19%	20%	12%	2%
Others	117.7	120.6	121.9	137.2	143.7
% Change		2%	1%	13%	5%

Source: Lebanese Customs

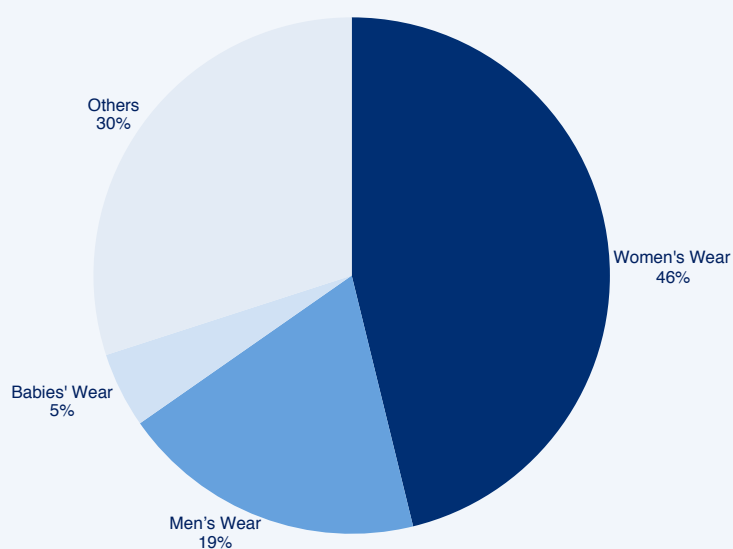
## APPAREL IMPORTS AND EXPORTS

Hence, as a share of total value of imported apparels, the value of imported women's wear dropped from a share of 49% in 2009 to reach 46% in 2013. This comes as a consequence of the high risk of investment in this specific sub-sector, which is highly seasonal and mirrors to a great extent the business cycles. On the other hand, the share of imported men's wear out of total apparel imports rose during the period 2009-2013 to reach 19% in 2012. Meanwhile, imported babies' wear expanded by two percentage points to a 5% share of total apparel imports.

Value of Apparel Imports by Type (2009)



Value of Apparel Imports by Type (2013)



Source: Lebanese Customs

## APPAREL IMPORTS AND EXPORTS

### VALUE OF APPAREL IMPORTS BY COUNTRY

China has long been the main country of origin for Lebanon's apparel imports. In 2013, apparel imports from China totaled USD 157.0 million. Specifically, women's suits, ensembles, and jackets constituted a 24% share of total apparel imports from China. They were followed by imports of jerseys, pullovers, cardigans, which accounted for 18% of apparel imports.

Despite the drop in apparel imports in the past two years, Italy is still considered a major source of Lebanon's apparel imports. In fact, the appreciating euro during the past two year has shifted the choice of apparel importers in Lebanon about countries of origin. Apparel prices in euro became more expensive as a result of the depreciating dollar against the euro. Hence, apparel importers shifted their demand away from importing clothing from European countries like Italy. Specifically, Lebanon's apparel imports from Italy have dropped to reach USD 57.1 million in 2013. Women's suits, ensembles, and jackets contributes to a 36% share of total apparel imports from Italy followed by men's suits, ensembles, and jackets with a share of 18%.

Turkey became a major trading partner with Lebanon in various sectors, and the apparel sector is no exception. In fact, Lebanon's apparel imports from Turkey have increased by an average annual rate of 32% during the period 2009-2013 reaching USD 45.9 million in 2013. These imports are diversified with women's suits, ensembles, and jackets constituting the highest 31% share followed by T-shirts and other vests, and jerseys, pullovers and cardigans with shares of 15% and 12%, respectively.

As Bangladesh fiercely entered the apparel industry in the past years, its apparel exports to Lebanon increased with the value reaching USD 29.0 million in 2013. Specifically, Bangladesh mainly exports jerseys, pullovers, and cardigans to Lebanon (30% share), as well as women's suits, ensembles, and jackets (18% share).

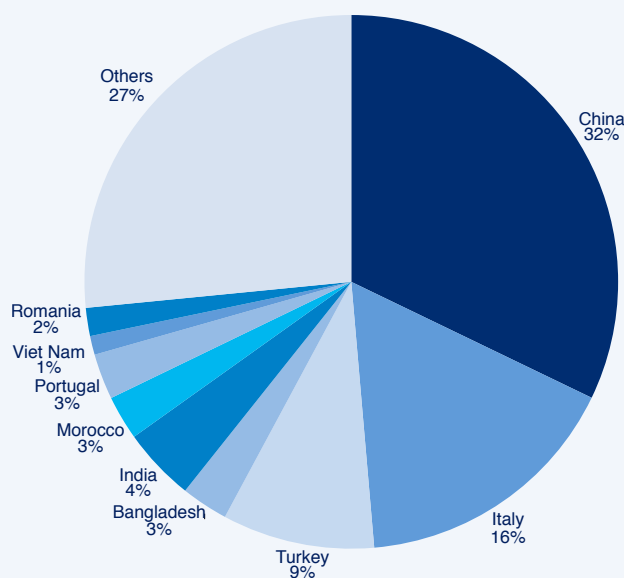
Breakdown of Apparel Imports by Country					
USD Million	2009	2010	2011	2012	2013
China	127.6	133.3	129.0	146.7	157.0
% Change		4%	-3%	14%	7%
Italy	65.4	67.1	70.2	64.2	57.1
% Change		3%	5%	-9%	-11%
Turkey	36.6	33.4	41.9	56.1	45.9
% Change		-9%	26%	34%	-18%
Bangladesh	11.3	13.0	17.4	24.0	29.0
% Change		15%	34%	38%	21%
India	17.6	21.9	24.5	23.5	24.4
% Change		24%	12%	-4%	4%
Morocco	10.7	13.3	14.8	17.0	18.2
% Change		25%	11%	14%	7%
Portugal	11.0	12.2	14.8	16.1	17.6
% Change		11%	22%	9%	9%
Viet Nam	4.5	5.9	7.2	10.2	13.5
% Change		30%	23%	41%	32%
Romania	6.8	7.4	8.9	9.8	11.5
% Change		9%	21%	10%	18%
Others	105.4	106.1	109.9	105.9	104.8
% Change		1%	4%	-4%	-1%

Source: Lebanese Customs

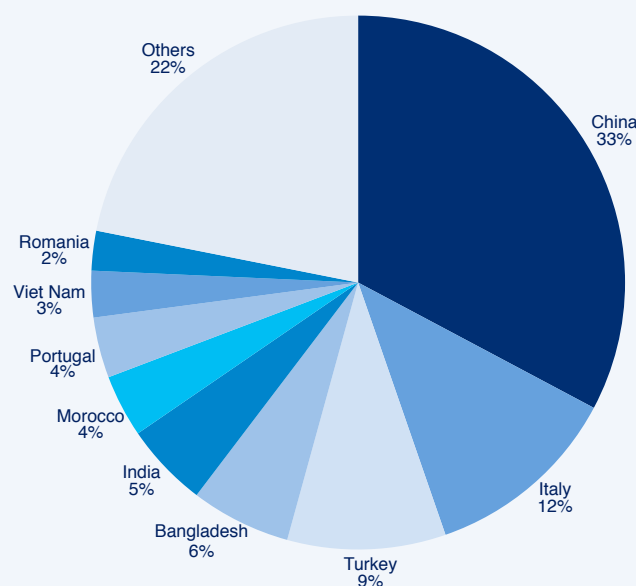
## APPAREL IMPORTS AND EXPORTS

Hence, over the period 2009-2013, the value of imported apparels from China as a share of total apparel imports rose from 32% in 2009 to 33% in 2013. On the other hand, Italy's share of apparel imports dropped by four percentage points to 12% in 2013, but Italy has maintained its position as the second major exporter of apparels to Lebanon. Concurrently, the share of Turkey out of total apparel imports remained stable at 9% during the abovementioned period while Bangladesh's share rose by three percentage points to reach 6% in 2013. On the other hand, the shares of Portugal and Vietnam and out of total apparel imports of Lebanon increased to reach 4% and 3%, respectively.

Value of Apparel Imports by Country (2009)



Value of Apparel Imports by Country (2013)

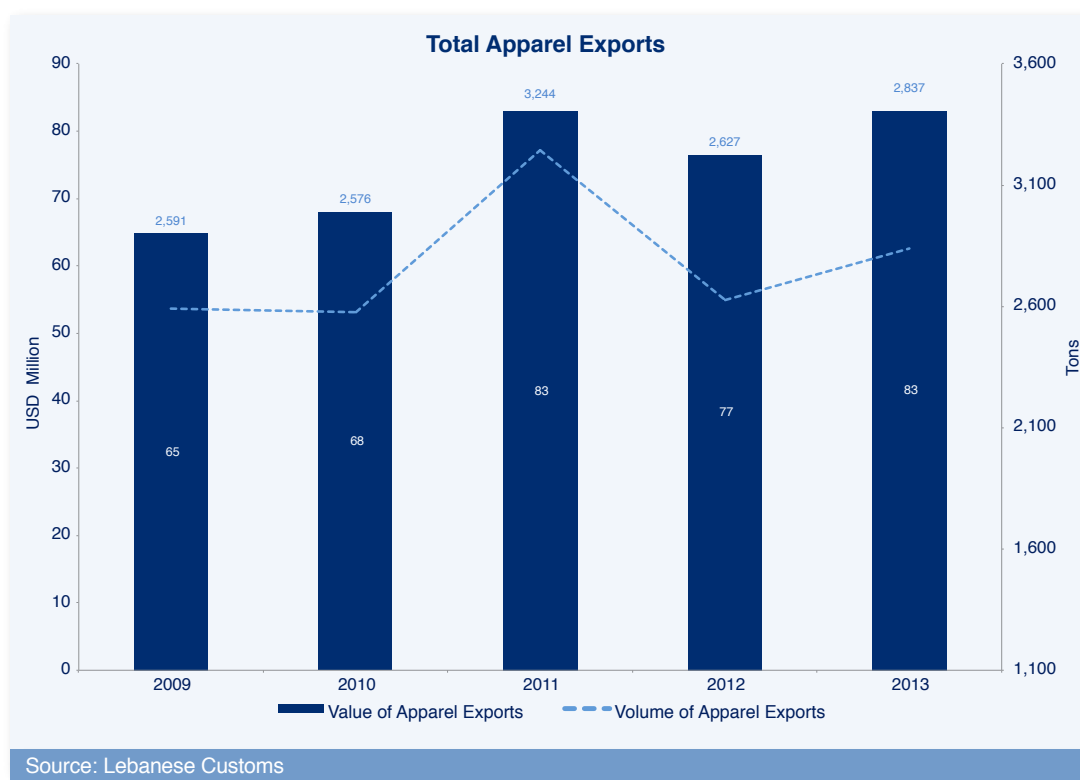


Source: Lebanese Customs

## APPAREL IMPORTS AND EXPORTS

### EVOLUTION OF APPAREL EXPORTS

Lebanon's value of apparel exports has followed an increasing trend over the period 2009-2011, growing at an average annual rate of 13.5% to reach USD 83 million in 2011. Likewise, the volume of apparel exports has been on the rise during the aforementioned period reaching 3,244 tons in 2011. However, the slowdown witnessed in the apparel sector affected Lebanon's exports leading to a 7.8% drop in the value of apparel exports and 19.1% decline in their volume in 2012. Yet, the year 2013 witnessed a recovery in apparel exports, where only the value recovered to pre-slowdown levels. As such, it is important to note that Lebanon's apparel trade deficit has been on the rise in the past few years as the country's apparel import growth exceeded the rise in apparel exports despite the efforts to enhance apparel export strategies. In particular, Lebanon's haute couture industry have emerged as a major potential for the country's apparel sector, with these high-end exports expanding, especially to the Middle-Eastern market.





## APPAREL IMPORTS AND EXPORTS

### VALUE OF APPAREL EXPORTS BY TYPE

Lebanon mainly exports women's wear, which have increased by an average annual rate of 7.5% over the period 2009-2012, reaching total value of USD 40.8 million in 2013. Specifically, exported women's suits, ensembles, and jackets constituted a share of 85% of exported women's wear. It is followed by women blouses and shirts with a 7% share of total exported women's wear.

Exported men's wear reached USD 17.3 million in 2013, having experienced a fluctuating growth trend in the past few years. In fact, the growth witnessed in men's wear exports during 2011 was reversed in the following two years affected by the deterioration in apparel sector. Men's suits, ensembles, and jackets constituted the 70% bulk of these exports with a value of USD 11.4 million exported in 2013. Second comes men's knitted or crocheted shirts with a 24% share of total exported men's wear. This was followed by exports of ties, bow ties, and cravats with a 3% share.

Even though Lebanon is a modest exporter of babies' wear, these exports have expanded during 2013 reaching a value of USD 1.6 million. Likewise, exports of other apparel sub-categories have expanded during the period 2009-2013, recording USD 23.2 million in 2013. This comes as a direct result of the expansion in exports of knitted or crocheted garments as well as jerseys, pullovers, cardigans, which together constitute 59% of these exports.

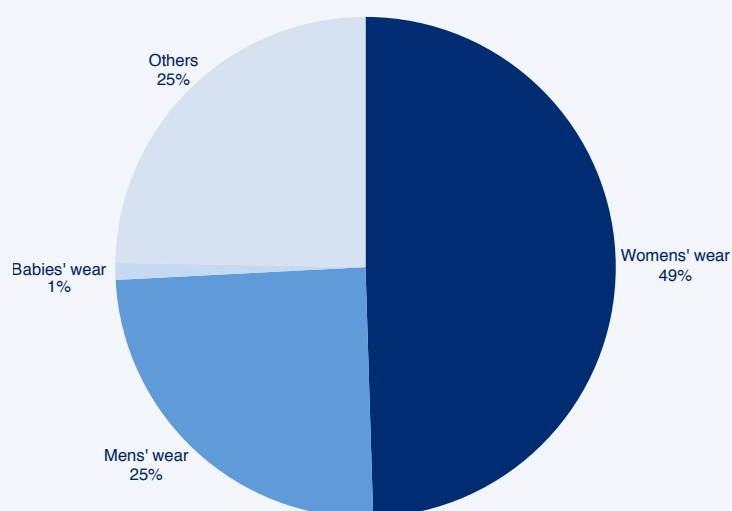
Breakdown of Apparel Exports by Type					
USD Million	2009	2010	2011	2012	2013
Womens' wear	32.1	34.1	40.3	37.9	40.8
% Change		6%	18%	-6%	8%
Mens' wear	16.0	15.8	18.2	16.4	17.3
% Change		-1%	15%	-10%	6%
Babies' wear	0.7	0.5	1.2	0.5	1.6
% Change		-23%	120%	-59%	222%
Others	16.0	17.6	23.3	21.7	23.3
% Change		10%	33%	-7%	7%

Source: Lebanese Customs

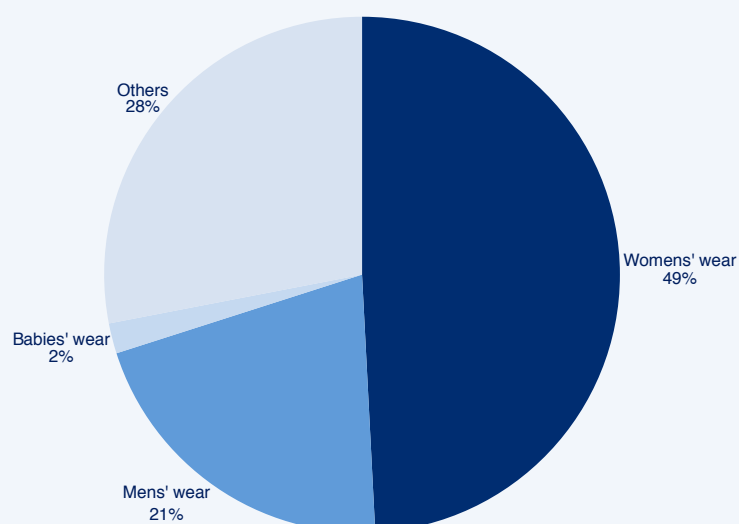
## APPAREL IMPORTS AND EXPORTS

Hence, as a share of total value of exported apparels, the share of exported women's wear remained stable at 49% during the period 2009-2013. On the other hand, given that exports of men's wear were severely affected in the past two years, their share of total apparel exports dropped by four percentage point to 21% in 2013. Meanwhile, exported babies' wear constituted 2% share of total apparel exports in 2013.

Value of Apparel Exports by Type (2009)



Value of Apparel Exports by Type (2013)



Source: Lebanese Customs

## APPAREL IMPORTS AND EXPORTS

### VALUE OF APPAREL EXPORTS BY COUNTRY

UAE is a main country of destination for Lebanon's apparel exports. In 2013, apparel exports to UAE increased to USD 19.3 million, after having declined in 2012. Specifically, women's suits, ensembles, and jackets constituted 41% share total apparel exports to UAE. They were followed by exports of knitted or crocheted garments which accounted for 16% of the total.

Although apparel exports to Saudi Arabia have dropped in 2013 to reach USD 12.9 million, Saudi Arabia is still a major destination for Lebanon's apparel exports. Women's suits, ensembles, and jackets contributes to an 45% share of total apparel exports to Saudi Arabia followed by men's suits, ensembles, and jackets with 22% share.

Kuwait increasingly became another important destination for Lebanese apparel exports. In fact, Lebanon's apparel exports to Kuwait have increased by an average annual rate of 7% during 2009-2013 to reach USD 6.5 million in 2013. These exports are diversified with men's suits, ensembles, and jackets constituting the highest 34% share.

France ranks fourth in term of country of destination with apparel exports to France reaching USD 6.0 million in 2013. Specifically, half of Lebanon's exports to France are women's suits, ensembles, and jackets followed by socks and other hosiery with 11% share.

Lebanon's apparel exports to each of Qatar and Jordan have declined in 2012 but while exports to Qatar recovered in 2013, exports to Jordan continued to deteriorate. Lebanon mainly exports women's wear (67% share) to Qatar and majorly exports men's wear (39% share) to Jordan.

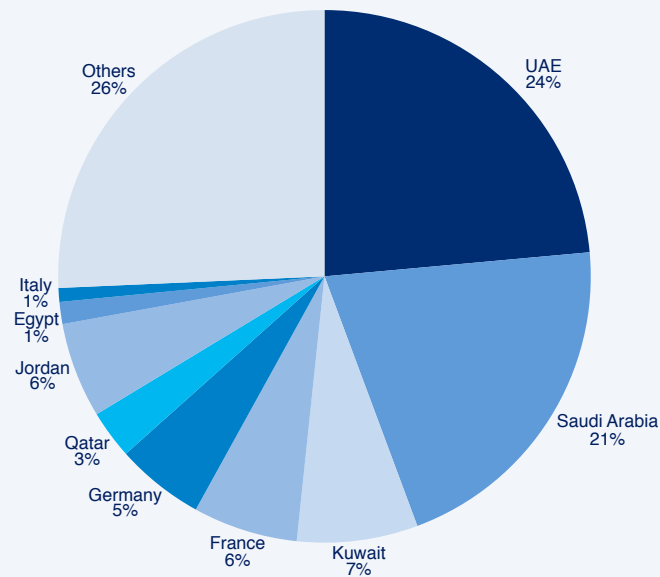
Breakdown of Apparel Exports by Country					
USD Million	2009	2010	2011	2012	2013
UAE	15.3	15.8	20.6	16.2	19.3
% Change		4%	30%	-21%	19%
Saudi Arabia	13.5	12.8	13.0	13.9	12.9
% Change		-5%	2%	7%	-7%
Kuwait	4.8	4.6	5.8	5.6	6.5
% Change		-3%	26%	-3%	15%
France	4.1	3.8	5.9	5.5	6.0
% Change		-9%	58%	-7%	9%
Germany	3.5	3.1	4.5	4.7	4.7
% Change		-12%	47%	4%	0%
Qatar	1.9	2.5	3.5	2.9	3.6
% Change		29%	41%	-16%	24%
Jordan	3.8	3.3	3.6	2.8	2.3
% Change		-11%	7%	-23%	-18%
Egypt	0.9	1.0	1.4	1.9	1.9
% Change		16%	36%	40%	-2%
Italy	0.5	1.2	1.4	1.6	1.6
% Change		125%	14%	14%	-2%
Others	16.7	20.0	23.3	21.3	24.3
% Change		20%	16%	-8%	14%

Source: Lebanese Customs

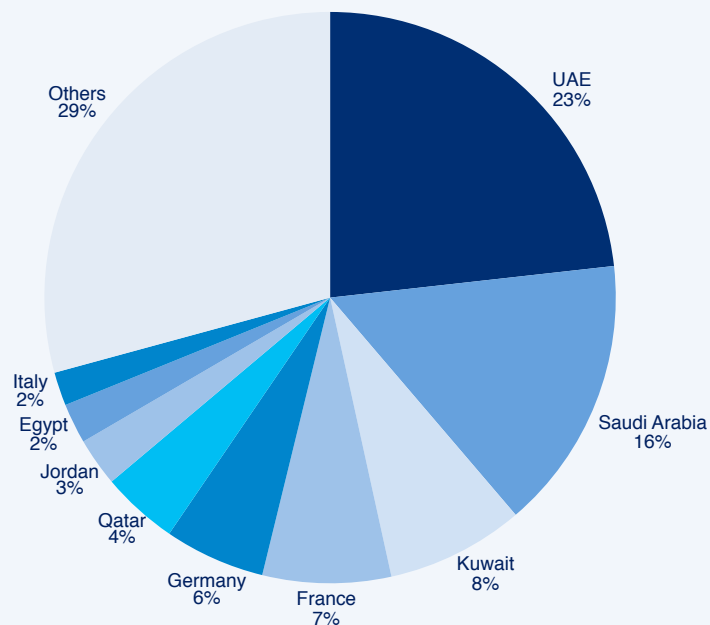
## APPAREL IMPORTS AND EXPORTS

Over the period 2009-2013, the value of exported apparel to UAE as a share of total apparel exports slightly fell to 23%. Concurrently, the share of Saudi Arabia out of total apparel exports dropped by five percentage points to reach an equivalent 16% share in 2013. On the other hand, each of Kuwait and France's share of the total value of apparel exports rose by one percentage point to 8% and 7% respectively. On the other hand, the share of Jordan out of total apparel exports from Lebanon decreased to reach 3% in 2013.

Value of Apparel Exports by Country (2009)



Value of Apparel Exports by Country (2013)



Source: Lebanese Customs

## LEBANON'S APPAREL MARKET: A SWOT ANALYSIS

Below is a SWOT Analysis of Lebanon's apparel market. The analysis aims at identifying the market's possible strengths to build on, weaknesses to tackle, opportunities to cease and threats to avoid.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Business culture that encourages interaction with various regional and international trade partners.</li> <li>- Tradition of exposure to world fashion and reputation of sense of style and "good taste".</li> <li>- Lebanese investors franchising foreign brands have shown interest in the apparel sector, increasingly opening shops in the country.</li> <li>- Entrepreneurial approach aimed at improving apparel manufacturing coupled with increasing investment in technology and machinery.</li> <li>- Low customs duty on imported textiles and clothing, hence encouraging foreign investment in the sector.</li> <li>- Positive dynamism in the country's tourism sector promises in a vibrant apparel market.</li> </ul>	<ul style="list-style-type: none"> <li>- Limited local apparel manufacturing due to: <ul style="list-style-type: none"> <li>* Low labor productivity</li> <li>* Inefficient use of machinery</li> <li>* High production costs</li> <li>* Dependence on imported material</li> </ul> </li> <li>- Lack of effective trade agreements that encourage apparel trade.</li> <li>- Poor export-oriented strategies and lack of sufficient presence in high-potential retail channels, thus limiting the possibility of overseas expansion.</li> <li>- Manufacturers targeting low-end market cannot compete with low-cost imports.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Proximity to European and Arab markets.</li> <li>- Potential development of specialized apparel sub-sectors requiring high fashion or "taste" input like wedding dresses and haute couture.</li> <li>- Growing global apparel market with possible new markets especially in countries with Lebanese diaspora.</li> </ul>	<ul style="list-style-type: none"> <li>- High dependence on imports which increases exposure to international apparel price trends.</li> <li>- The apparel market's high exposure to the country's risk resulted in its poor image on capital markets, thus hindering its access to capital and financing.</li> <li>- Excessive and inflexible regulations coupled with aggressive entry of low-cost multi-national competitors.</li> <li>- Unstable domestic as well as regional political and security situations</li> </ul>

Mazen Soueid, Stephanie Ghanem, Ziad Hariri, Nadine Yamout, Rita Nehme

### Disclaimer:

This material has been prepared by BankMed sal based on publicly available information and personal analysis. It is provided for information purposes only. It is not intended to be used as a research tool nor as a basis or reference for any decision. The information contained herein including any opinion, news and analysis, is based on various publicly available sources believed to be reliable but its accuracy cannot be guaranteed and may be subject to change without notice. BankMed, sal does not guarantee the accuracy, timeliness, continued availability or completeness of such information. All data contained herein are indicative. Neither the information provided nor any opinion expressed therein, constitutes a solicitation, offer, personal recommendation or advice. BankMed, sal does not assume any liability for direct, indirect, incidental or consequential damages resulting from any use of the information contained herein.