

FOREIGN INVESTMENT

Under the North American Free Trade Agreement (NAFTA), performance requirements such as local content rules, domestic sales restrictions, technology-transfer limitations, product mandating and export requirements are being phased out. This is particularly significant in Mexico where the *maquiladora* operations have been restricted from selling in the domestic market. Full access to the domestic market will be granted over a seven-year period.

There are no restrictions on foreign ownership in the apparel sector under the NAFTA, although both Canada and Mexico maintain the right to approve direct acquisitions over certain thresholds.