

ANNEX *Kbis*-01.1-7

## Threshold Adjustment Formulas

1. The thresholds referred to in Annexes *Kbis*-01.1-1, *Kbis*-01.1-2 and *Kbis*-01.1-8, except the threshold for construction services in Annex *Kbis*-01.1-1, shall be adjusted in accordance with Annex 1001.1c of the North American Free Trade Agreement.
2. The threshold for construction services in Annex *Kbis*-01.1-1 shall be adjusted;
  - (a) for Canada, in accordance with the formula in the World Trade Organization Agreement on Government Procurement, GPA/1, Annex 3; and
  - (b) for Chile, in accordance with the formula in Chapter 9, Section G, paragraph 3 of the U.S.-Chile Free Trade Agreement.
3. The Parties agree that the thresholds shall be fixed for two calendar years and the first threshold adjustment will take place effective 1 January, 2008.
4. Where a major change in a national currency of either Party during a year were to create a significant problem with regard to the application of the Chapter, the Parties shall consult as to whether an interim adjustment is appropriate.
5. In the event that:
  - (a) Canada withdraws from the North American Free Trade Agreement pursuant to Article 2205 of that Agreement, or the World Trade Organization Agreement on Government Procurement pursuant to Article XXIV of that Agreement; or
  - (b) Chile withdraws from the U.S.-Chile Free Trade Agreement pursuant to Article 24.4 of that Agreement; or
  - (c) the North American Free Trade Agreement, or the World Trade Organization Agreement on Government Procurement, or the U.S.-Chile Free Trade Agreement are terminated; or