

ANNEX 3.7INVENTORY MANAGEMENT METHODSPart 1Fungible Materials**1: Definitions and Interpretation**

For purposes of this Part:

- **average method** means the method by which the origin of fungible materials withdrawn from materials inventory is based on the ratio, calculated under Section 4, of originating materials and non-originating materials in materials inventory;
- **FIFO method** means the method by which the origin of fungible materials first received in materials inventory is considered to be the origin of fungible materials first withdrawn from materials inventory;
- **LIFO method** means the method by which the origin of fungible materials last received in materials inventory is considered to be the origin of fungible materials first withdrawn from materials inventory;
- **materials inventory** means:
  - (a) with respect to a producer of a good, an inventory of fungible materials that are used in the production of the good, and
  - (b) with respect to a person from whom the producer of the good acquired such fungible materials, an inventory from which fungible materials are sold or otherwise transferred to the producer of the good;
- **opening inventory** means the materials inventory at the time an inventory management method is chosen; and
- **origin identifier** means any mark that identifies fungible materials as originating materials or non-originating materials.

**2: General**

1. The inventory management methods for determining whether fungible materials referred to in Article 3.7(1)(a) are originating materials are the following:
  - (a) specific identification method;
  - (b) FIFO method;
  - (c) LIFO method; and
  - (d) average method.