

- (c) subject to Article 5.12(4), the good is transhipped through the territory of a non-Party with which each Party has entered separately into a free trade agreement under Article XXIV of the GATT 1994 before this Agreement enters into force and does not undergo further production other than minor processing in the territory of that non-Party.
2. Subject to Article 5.12(5), with regard to any specifically identified good that is agreed upon by the Parties after the date of entry into force of this Agreement, an originating good that is transhipped through the territory of a non-Party with which each Party has entered separately into a free trade agreement under Article XXIV of the GATT 1994 before this Agreement enters into force may undergo more than minor processing in the territory of that non-Party, provided that the good meets any specifically designated conditions, as agreed by the Parties, regarding the production in the territory of that non-Party.

**Article 3.6: Third Country Materials for Originating Goods**

Where each Party has entered separately into a free trade agreement under Article XXIV of the GATT 1994 with the same non-Party before this Agreement enters into force, a good, which, if imported into the territory of one of the Parties under such free trade agreement with that non-Party, would qualify for tariff preferences under that agreement, shall be considered to be an originating good under this Chapter when imported into the territory of the other Party and used as a material in the production of another good in the territory of that other Party.

**APPLICATION AND INTERPRETATION**

**Article 3.7: Fungible Goods and Materials**

For purposes of determining whether a good is an originating good:

- (a) where originating materials and non-originating materials that are fungible materials are used in the production of the good, the determination of whether the materials are originating materials may, at the choice of the producer of the good, be made on the basis of any of the applicable inventory management methods set out in Annex 3.7;
- (b) where originating goods and non-originating goods that are fungible goods are physically combined or mixed in inventory in the territory of a Party and, prior to exportation to the territory of the other Party, do not undergo production or any other operation in the territory of the Party in which they were physically combined or mixed in inventory, other than unloading, reloading or any other operation necessary to preserve the goods in good condition or to transport the goods to the territory of the other Party, the determination of whether the good is an originating good may, at the choice of the exporter of the good, be made on the basis of any of the applicable inventory management methods set out in Annex 3.7; and