

Annex 4.5

Inventory Management Methods

Section I – Fungible Materials

Subsection 1: Definitions and Interpretation

For purposes of this Section:

First-in, first-out (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of fungible materials first received in materials inventory is considered to be the origin of fungible materials first withdrawn from materials inventory;

Last-in, first-out (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of fungible materials last received in materials inventory is considered to be the origin of fungible materials first withdrawn from materials inventory;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;

origin identifier means any mark that identifies fungible materials as originating materials or non-originating materials; and

rolling average method means the method by which the origin of fungible materials withdrawn from materials inventory is based on the ratio, calculated under subsection 4, of originating materials and non-originating materials in materials inventory.

Subsection 2: General

1. The inventory management methods for determining whether fungible materials referred to in Article 4.6(a) are originating materials are the following:

- (a) specific identification method;
- (b) FIFO method;