

- (c) a category of identical or similar materials shall consist of a single material only if no other material used in the production of the good is identical or similar to that single material; and
- (d) Article 3.1(e) does not apply for purposes of determining whether a part provided for in a heading referred to in Article 3.1(e)(i) or in a subheading referred to in Article 3.1(e)(ii) is an originating good.

Article 3.12: De Minimis Calculation and Application

1. For purposes of applying the Customs Valuation Code under Article 3.2(1) and paragraphs 2 through 6, the principles of the Customs Valuation Code shall apply to domestic transactions, with such modifications as may be required by the circumstances, as would apply to international transactions.

2. For purposes of Article 3.2(1), the *de minimis* content of a good shall be calculated as follows:

$$DMC = \frac{VNM}{VG} \times 100$$

where

DMC is the *de minimis* content of the good, expressed as a percentage,

VG is the value of the good, determined in accordance with paragraph 3, adjusted to a F.O.B. basis at the point of direct shipment, and

VNM is the value of all the non-originating materials used in the production of the good, determined in accordance with paragraph 6, that do not undergo an applicable change in tariff classification set out in Annex 3.1.

3. For purposes of Article 3.2(1) and paragraph 2, the value of a good shall be:

- (a) the transaction value of the good, determined in accordance with Article 1 of the Customs Valuation Code; or
- (b) in the event that there is no transaction value or the transaction value of the material is unacceptable under Article 1 of the Customs Valuation Code, determined in accordance with Articles 2 through 7 of the Customs Valuation Code.