

3. The ratio calculated with respect to a preceding one-month or three-month period under paragraph 2 is applied to the fungible materials remaining in materials inventory at the end of the preceding one-month or three-month period.

5: Manner of Dealing with Opening Inventory

1. Except as otherwise provided under paragraphs 2 and 3, where the producer or person referred to in Section 2(2) has fungible materials in opening inventory, the origin of those fungible materials is determined by:
 - (a) identifying, in the books of the producer or person, the latest receipts of fungible materials that add up to the amount of fungible materials in opening inventory;
 - (b) determining the origin of the fungible materials that make up those receipts; and
 - (c) considering the origin of those fungible materials to be the origin of the fungible materials in opening inventory.
2. Where the producer or person chooses the specific identification method and has, in opening inventory, originating materials or non-originating materials that are fungible materials and that are marked with an origin identifier, the origin of those fungible materials is determined on the basis of the origin identifier.
3. The producer or person may consider all fungible materials in opening inventory to be non-originating materials.

Part II

Fungible Goods

6: Definitions and Interpretation

For purposes of this Part:

- **average method** means the method by which the origin of fungible goods withdrawn from finished goods inventory is based on the ratio, calculated under Section 9, of originating goods and non-originating goods in finished goods inventory;
- **FIFO method** means the method by which the origin of fungible goods first received in finished goods inventory is considered to be the origin of fungible goods first withdrawn from finished goods inventory;
- **finished goods inventory** means an inventory from which fungible goods are sold or otherwise transferred to another person;
- **LIFO method** means the method by which the origin of fungible goods last received in finished goods inventory is considered to be the origin of fungible goods first withdrawn from finished goods inventory;
- **opening inventory** means the finished goods inventory at the time an inventory management method is chosen; and