

Section II – Fungible Goods

Subsection 6: Definitions and Interpretation

For purposes of this Section:

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of fungible goods first received in finished goods inventory is considered to be the origin of fungible goods first withdrawn from finished goods inventory;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

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of fungible goods last received in finished goods inventory is considered to be the origin of fungible goods first withdrawn from finished goods inventory;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

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

rolling average method means the method by which the origin of fungible goods withdrawn from finished goods inventory is based on the ratio, calculated under subsection 9, of originating goods and non-originating goods in finished goods inventory.

Subsection 7: General

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

- (a) specific identification method;
- (b) FIFO method;
- (c) LIFO method; and
- (d) rolling average method.

2. When an exporter of a good or a person from whom the exporter acquired the good chooses an inventory management method referred to in paragraph 1, that method shall be used from the time the choice is made until the end of the fiscal year of the exporter or person.