Annex 3.12.5

Methods for Determining the Value of Non-Originating Materials Under Article 3.2(1) Where Identical Materials or Fungible Materials Are Used in the Production of the Good

1: Definitions and Interpretation

For purposes of this Annex, with respect to non-originating materials referred to in Article 3.2(1):

FIFO method means the method by which the value of non-originating materials first received in materials inventory, determined in accordance with Article 3.12(6), is considered to be the value of non-originating materials used in the production of the good first shipped to the buyer of the good;

LIFO method means the method by which the value of non-originating materials last received in materials inventory, determined in accordance with Article 3.12(6), is considered to be the value of non-originating materials used in the production of the good first shipped to the buyer of the good;

materials inventory means, with respect to a single plant of the producer of a good, an inventory of non-originating materials that are identical materials and that are used in the production of the good; and

rolling average method means the method by which the value of non-originating materials used in the production of a good that is shipped to the buyer of the good is based on the average value, calculated in accordance with paragraph 3, of the non-originating materials in materials inventory.

2: General

1. The methods for determining the value of non-originating materials that are identical materials or fungible materials and that are referred to in Article 3.12(5) are the following:

    (a) FIFO method;

    (b) LIFO method; and

    (c) rolling average method.