

ANNEX 2.5**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.
2. Where a producer of a good chooses, with respect to non-originating materials that are identical materials or fungible materials, any of the methods referred to in paragraph 1, the producer may not use another of those methods with respect to any other non-originating materials that are identical materials or fungible materials, as the case may be, and that are used in the production of that good or in the production of any other good with respect to which the calculation under Article 3.12(2) has been made.
3. Where a producer of a good produces the good in more than one plant, the method chosen by the producer shall be used with respect to all plants of the producer in which the good is produced.
4. The method chosen by the producer to determine the value of non-originating materials may be chosen at any time during the producer's fiscal year and may not be changed during that fiscal year.