

2. Where a producer of a good or a person from whom the producer acquired the materials that are used in the production of the good chooses an inventory management method referred to in paragraph 1, that method, including the averaging period chosen in the case of the averaging method, shall be used from the time the choice is made until the end of the fiscal year of the producer or person.

3: Specific Identification Method

1. Except as otherwise provided under paragraph 2, where the producer or person referred to in Section 2(2) chooses the specific identification method, the producer or person shall physically segregate, in materials inventory, originating materials that are fungible materials from non-originating materials that are fungible materials.
2. Where originating materials or non-originating materials that are fungible materials are marked with an origin identifier, the producer or person need not physically segregate those materials under paragraph 1 if the origin identifier remains visible throughout the production of the good.

4: Average Method

1. Where the producer or person referred to in Section 2(2) chooses the average method, the origin of fungible materials withdrawn from materials inventory is determined on the basis of the ratio of originating materials and non-originating materials in materials inventory that is calculated under paragraphs 2 and 3.
2. The ratio is calculated with respect to a one-month or three-month period, at the choice of the producer or person, by dividing:
 - (a) the sum of:
 - (i) the total units of originating materials or non-originating materials that are fungible materials and that were in materials inventory at the beginning of the preceding one-month or three-month period, and
 - (ii) the total units of originating materials or non-originating materials that are fungible materials and that were received in materials inventory during that preceding one-month or three-month period,

by
 - (b) the sum of:
 - (i) the total units of originating materials and non-originating materials that are fungible materials and that were in materials inventory at the beginning of the preceding one-month or three-month period, and
 - (ii) the total units of originating materials and non-originating materials that are fungible materials and that were received in materials inventory during that preceding one-month or three-month period.