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FTA Provisions for Fungible Goods
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You may claim that a fungible good or material is originating where the importer, exporter, or producer has:

1. physically segregated each fungible good or material; or
2. used any inventory management method, such as averaging, last-in-first-out (LIFO) or first-in-first-out (FIFO), recognized in Generally Accepted Accounting.

Principles (GAAP) of the Party in which the production is performed or otherwise accepted by the Party in which the production is performed.
The inventory management method selected above for a particular fungible good or material shall continue to be used for that good or material throughout the fiscal year of the person that selected the inventory management method.

Please note there is no provision for fungible goods in the following FTAs: Israel, Jordan, Bahrain, Morocco and Oman.

Example

This example is relevant to USMCA. Company Y of Mexico supplies clips to airplane manufacturers throughout North America. Some of the clips Y supplies originate in Mexico and others are made in China. All of the clips are of identical construction and are intermingled at Y’s warehouse so that they are indistinguishable. On January 1, Company Y buys 3000 clips of Mexican origin; on January 3, it buys 1000 clips of Chinese origin. If Company Y elects FIFO inventory procedures, the first 3000 clips it uses to fill an order are considered Mexican, regardless of their actual origin.