(i) articles collected in the Party which can no longer perform their original purpose in the Party nor are capable of being restored or repaired and which are fit only for disposal or for the recovery of parts or raw materials;

(j) scrap and waste derived from manufacturing or processing operations or from consumption in the Party and fit only for disposal or for the recovery of raw materials;

(k) parts or raw materials recovered in the Party from articles which can no longer perform their original purpose nor are capable of being restored or repaired; and

(l) goods obtained or produced in the Party exclusively from the goods referred to in subparagraphs (a) through (k).

Article 3.4
Qualifying Value Content

1. For the purposes of subparagraph (c) of Article 3.2, the qualifying value content of a good shall be calculated on the basis of one or the other of the following methods:

(a) Method based on value of non-originating materials (“Build-down method”)

$$Q.V.C. = \frac{F.O.B. - V.N.M.}{F.O.B.} \times 100$$

(b) Method based on value of originating materials (“Build-up method”)

$$Q.V.C. = \frac{V.O.M. + Direct\ Labor\ Cost + Direct\ Overhead\ Cost + Profit}{F.O.B.} \times 100$$

Where:

Q.V.C. is the qualifying value content of a good, expressed as a percentage;

F.O.B. is, except as provided for in paragraph 2, the free-on-board value of the good payable by the buyer of the good to the seller of the good, regardless of the mode of shipment, not including any internal excise taxes reduced, exempted or repaid when the good is exported;

V.N.M. is the value of non-originating materials used in the production of the good; and

V.O.M. is the value of originating materials used in the production of the good.

Note: For the purposes of calculating the qualifying value content of a good, the Generally Accepted Accounting Principles in the exporting Party shall apply.

2. F.O.B. referred to in paragraph 1 shall be the value:

(a) adjusted to the first ascertainable price paid for a good from the buyer to the producer of the good, if there is free-on-board value of the good, but it is unknown and cannot be ascertained; or

(b) determined in accordance with Articles 1 through 8 of the Agreement on Customs Valuation, if there is no free-on-board value of a good.

3. For the purposes of calculating the qualifying value content of a good in accordance with paragraph 1, the value of material used in the production of the good in a Party:

(a) shall be determined in accordance with the Agreement on Customs Valuation, and shall include freight, insurance where appropriate, packing and all the other costs incurred in transporting the material to the importation port in the Party where the producer of the good is located; or