country sales are not an appropriate basis for FMV.

The FTC, representing domestic parties in this proceeding, argues that most of the conditions on which the above decision was based have changed with respect to third-country sales for these reviews. The FTC claims that sales by Colombian growers to third countries have increased, and the FTC argues that Colombian growers now have greater, unrestricted access to third-country markets, resulting in more stable annual sales to those countries. Also, the FTC argues, this increase in third-country demand for Colombian-grown flowers has affected the production decisions of the Colombian growers and has helped to lessen the seasonal disparities in market demand.

Based on our review of the questionnaire responses and other data on the record, we have preliminarily concluded that the conditions which governed sales in third countries have not changed significantly between our last review and the current reviews. While we have found that Colombian flower producers enjoy greater access and sales to third-country markets, we find that the other conditions on which we based our original decision to disregard third-country sales as a basis for FMV still apply.

Although the petitioner argues that holidays in third countries coincide with holidays in the United States, we find that, with a few exceptions, such as Christmas, this is not the case. For example, there are no flower-giving holidays in third countries that coincide with Valentine's Day or Mother's Day, and there are no United States flowergiving holidays that coincide with All Souls Day.

We find that the market patterns differ greatly between third countries and the United States. The United States market is extremely volatile, and can experience great price swings depending on the season and whether there is a holiday. For example, flower prices on Valentine's Day can increase by more than one hundred percent. This is because United States consumers tend to purchase flowers only on special occasions. On the other hand, thirdcountry customers, particularly those in Europe, tend to purchase flowers more for everyday use. Therefore, demand and prices are much more stable in Europe than in the United States. While price swings do exist, they do not occur on the same order of magnitude as in the United States.

We find the FTC's argument that the correlation between flower prices in the United States and in Europe justify the use of third-country prices as FMV to be unconvincing. While the charts submitted by the FTC in support of its argument indicate that there is a correlation between flower prices in Miami. Florida. and flower prices in Europe, we find the correlation to be weak, and we observed that prices in the two markets moved in the opposite direction in approximately half of the months of the year. The FTC also alleges that the prices of flowers in California more closely correlate with the prices in Europe. While the charts petitioner submitted indicate a moderate correlation, we again observed that Californian and European prices moved in opposite directions in nearly half of the months out of the year. Also, the vast majority of Colombian flowers enter the United States in Miami, Florida, and are sold there. In addition, we noted that the information submitted by the FTC is for only one flower type and only covered part of the 5th review period.

For these reasons, we have not used third-country sales as the basis for FMV. Instead, we used constructed value as defined in section 773(e) of the Tariff Act for all companies. The constructed value represents the average per-flower cost for each type of flower, based on the costs incurred to produce that type of flower over each review period.

The Department used the materials, fabrication, and general expenses reported by respondents. The per-unit average constructed value was based on the quantity of export quality flowers sold by the grower/exporter to the United States. We consider non-export quality flowers (culls) which are produced in conjunction with export quality flowers to be by-products. Therefore, revenue from the sales of culls was used as an offset against the cost of producing the export quality flowers.

For cases in which actual general expenses exceeded the statutory minimum of 10 percent of the cost of materials and fabrication, we used the actual general expenses to calculate constructed value. For cases in which actual general expenses were less than the statutory minimum of 10 percent of the cost of materials and fabrication, we used the statutory minimum of 10 percent. Because imputed credit was included in constructed value, we reduced the actual interest expense reported in the companies' financial statements to prevent double-counting.

When respondents indicated that the actual profit for merchandise of the same general class or kind could not be calculated or was less than eight percent of the sum of the cost of production and general expenses, the Department used the eight percent statutory minimum for profit. We added U.S. packing to constructed value. Adjustments to constructed value were made for credit and indirect selling expenses.

Finally, according to the 1993 edition of Doing Business in Colombia, published by Price Waterhouse, there has been a change in the Colombian generally accepted accounting practices effective January 1, 1992. Firms are now required to revalue certain financial statement accounts in order to reflect the effects of inflation experienced during each financial reporting period. As part of this revaluation, firms must restate their fixed asset accounts and their corresponding depreciation expense. Respondents' restated depreciation expenses are not reflected in the constructed value calculations used in our preliminary results. We intend, however, to ask respondents to provide additional data to allow us to make this adjustment for our final results. We invite comments from interested parties on this matter.

Preliminary Results of Review

As a result of our comparison of USP with FMV, we preliminarily determine the margins for the 5th, 6th, and 7th administrative reviews to be:

Producer/exporter	5th	6th	7th
Abaco Tulipanex de Colombia Agrex de Oriente AGA Group	(1) (2) (2)	(1) (2) (2)	(1) (1) 9.03
Agricola la Celestina Agricola la Maria Agricola Benilda Ltda		()	
Agricola Acevedo Ltda	0.96	4.38	1.89
Agricola Arenales Ltda	2.98	2.67	2.10
Agricola Benilda Agricola Bonanza Ltda	(1) (1)	(1) (1)	8.78 (¹)