

basis. Under most circumstances, the depreciable life of an asset is based on the purchaser's best estimate of the asset's economic life at the time of purchase. Obviously, there are any number of events, unforeseen at the time of purchase, that could serve to lengthen or shorten the asset's actual physical life. Typically, the Department does not attempt to account for the fact that estimations of useful life are not always accurate.

In this case, however, we found that Colombian accounting principles permitted growers significant latitude in determining the depreciable lives of their rose plants and in accounting for preproduction costs. Moreover, respondents provided reasonable evidence to support the fact that the useful lives recorded in financial statements were, in many cases, shorter than the plants' economic useful lives. The growers' decision to amortize their rose plant costs over shortened periods appears to have been driven largely by Colombian tax considerations rather than by the basic accounting principle of matching costs and revenues. Therefore, we have accepted respondents' rose plant and preproduction amortization expense calculations for purposes of computing COP and CV, provided that they had correctly capitalized and amortized these same assets from previous years.

U.S. Price Adjustments

Comment 20: Invoice Discrepancies

Petitioner argues that the Department should reject or adjust U.S. prices to account for discrepancies between invoice amounts and "registro" prices (the price that appears on official Colombian export documentation) recorded in respondents' books and records.

Respondents argue that there is no merit to petitioner's suggestion that declared Colombian registro prices should be used rather than actual U.S. selling prices. Respondents explain that registro prices represent the growers' best estimate of prices. Moreover, respondents assert that registro prices do not meet the statutory definition of U.S. price since they are not the price at which merchandise is sold or agreed to be sold in the United States, nor are they the price at which merchandise is purchased.

DOC Position

We agree with respondents. Due to the volatility of the rose market and the fact that sales are made to unrelated consignees, it is impossible for respondents to accurately record U.S.

price at the time of export, thus requiring estimates on export documentation, *i.e.*, registro prices. The amounts listed on the registros do not meet the Department's definition of U.S. price.

Comment 21: Interest Rate

Respondents claim that it is against Department practice and prevailing case law (*United Engineering & Forging v. United States, LMI-La Metall Industriale, S.p.A. v. United States*) to apply a Colombian peso interest rate to a U.S. dollar account receivable in calculating U.S. imputed credit expenses. Respondents argue that, in accordance with *Class 150 Stainless Steel Threaded Pipe Fittings from Taiwan*, 59 Fed Reg. 38432 (1994), the Department should have used the lowest interest rate at which respondents borrowed or to which respondents had access, namely the U.S. prime rate.

Petitioner argues that it is inappropriate to estimate a U.S.-dollar denominated interest rate where loans were actually obtained in pesos. Petitioner cites to *Flowers*, where the Department held that "where there were no U.S. borrowings, we used the actual peso borrowing rate, adjusted to reflect the fact that the credit expense was incurred in dollars and not pesos." See *Certain Fresh Cut Flowers from Colombia*, 59 Fed. Reg. 15,115, 15,164 (March 31, 1994). Petitioner defends the appropriateness of the Department precedent of adjusting the borrowing rate for devaluation. Petitioner notes that such an adjustment reflects that net borrowing costs are lowered to the extent that the dollars later received will be worth a larger number of pesos.

DOC Position

We agree, in part, with respondents. In determining the U.S. interest rate, it is the Department's policy that the interest rate used for a particular credit calculation should match the currency in which the sales are denominated. In cases where there are no borrowings in the currency of the sales made, the Department may use external information about the cost of borrowing in a particular currency (see, *Memorandum from Susan Kuhbach to Barbara R. Stafford: Proposed Change in Policy Regarding Interest Rates Used in Credit Calculations*, dated September 26, 1994). Therefore, the Department used a U.S. short-term interest rate of 7.575 percent, which is the average of the publicly ranged interest rates reported by those respondents that had actual U.S. borrowings during the POI. We consider this to be the best estimate

of the U.S. dollar borrowing rates for those respondents that had no short-term borrowings, as it is based on best publicly available data of the actual experience of other rose growers.

Comment 22: Adjustment to Interest Rate

The parties' further arguments concerning the appropriate Colombian peso interest rate are rendered moot.

Company-Specific Comments

Because the Department is using constructed CV rather than third country prices, the parties' comments concerning the appropriate methodology in comparing USP to third country prices are moot. Therefore, we have not addressed company-specific comments relating to this issue. Furthermore, because the Department is using monthly average USPs for all roses, regardless of stem length, variety, or color, the parties' comments concerning issues of stem length, variety, rose type, and rose color are also moot and are not addressed.

Agrosas S.A.

Comment 23

Respondent argues that the Department should not consider the air ticket and travel expenses, discovered during verification in its accounting records, as indirect selling expenses since these expenses had no relation to the production and sale of the subject merchandise. According to respondent, the air ticket and travel expenses discovered during verification were the personal expenses of one of the company's shareholders ("the shareholder") who was not employed in any capacity other than as a member of respondent's board of directors. Therefore, respondent maintains that "the shareholder's" personal travel was not related to the sale or production of the subject merchandise. Respondent further maintains that the air ticket invoices examined by the Department during verification provide proof that the travel and air ticket expenses in question were the personal expenses of "the shareholder".

The petitioner, on the other hand, argues that the travel expenses should be added to the reported indirect selling expense because there is no evidence that the travel expenses shown in the company's accounting records are unrelated to rose sales. According to the petitioner, a presumption arises from the company's books and records that these expenses were related to the company's sales.