

## DOC Position

Respondent included entertainment expenses as part of the indirect selling expense reported to the Department. As the Department established during its verification of the respondent, those entertainment expenses included, among others, entertainment expenses related to business trips made to the United States and in Colombia during the POI. These business trips were made by company officials as well as by the shareholder referred to above. The reported entertainment expenses did not include any travel or air ticket expenses associated with the business-related trips to the United States and in Colombia. During verification, the Department discovered unreported air ticket and travel expenses recorded in the company's accounting records.

Although we could not ascertain during verification whether all of the travel and air ticket expenses were related to rose sales, we conclude that at least a portion of these expenses were related to rose sales.

First, since the company incurred business-related entertainment expenses attributable, in part, to company officials' trips to the United States and in Colombia, the company must have incurred related air ticket and travel expenses for these trips. Second, because the shareholder, referred to above, was one of the company officials making business trips to the United States and in Colombia, it is reasonable to assume that at least a portion of the air ticket and travel expenses invoiced to the company for that shareholder must have been related to business as well. Finally, the air ticket and travel expenses were officially recognized in the company's accounting records as business-related expenses.

For the reasons outlined above, the Department cannot ascertain whether the air ticket and travel expenses were not tied to the sales of roses. However, because companies are required to report air ticket and travel expenses as expenses related to sales in the companies' audited financial statements, this provides a more reliable source of information as to the manner in which these expenses should be treated. Therefore, the Department included, as BIA, the entire amount of the air ticket and travel expenses discovered during verification in the calculation of the indirect selling expenses related to respondent's rose sales.

## Comment 24

The respondent maintains that it did not report any foreign inland freight

expenses for the truck used to transport flowers to the airport in the months of January and February because the truck owned and used by respondent during those months was fully-depreciated and reflected no costs on respondent's records. The respondent further states that the truck rental expenses for the month of October of the POI were included in the amount reported in the month of December because the company was billed for the month of October in the month of December. Therefore, the respondent requests that the Department not use BIA for trucking expenses in those three months.

The petitioner argues that there is no evidence on the record that respondent did not incur truck rental expenses for the month of January.

## DOC Position

In the Department's preliminary determination we used, as BIA, the monthly average truck rental expenses for the months of January, February and October because respondent reported no trucking expenses for those months. However, at verification, we established that respondent used its fully-depreciated truck for the months of January and February, and we found no record of expenses related to the operation of respondent's truck during those months. We found that respondent began renting a new truck beginning in February 1993, while it continued to use its fully depreciated truck until the end of that month. We also established that the truck rental expenses not reported for the month of February were included in the amount reported for the month of March. Similarly, the truck rental expenses not reported for the month of October were, in part, included in the amount reported for the month of December.

Because we found no evidence of expenses related to respondent's truck for the months of January and February, and because we established that respondent included the truck rental expenses for the months of February and October in the amounts reported to the Department for following months, the Department used these actual expenses, and not BIA, in its calculations of these freight expenses.

## Comment 25

The respondent requests that the Department not use BIA for the fuel expenses related to the transportation of roses that respondent was unable to separately identify and report to the Department in its questionnaire responses. Instead, the respondent requests that the Department use the estimated monthly fuel expenses

examined by the Department during verification.

The petitioner maintains that the estimated fuel and maintenance costs were submitted for the first time during verification and should, therefore, not be accepted as a basis for a final determination. The petitioner further maintains that the purpose of verification is to verify the accuracy of the respondent's information already submitted on the record, not to collect new information. Therefore, the petitioner requests that the Department use BIA in its calculation of such foreign inland freight expenses.

## DOC Position

We agree with the respondent. In its August 24, 1994, submission, respondent stated it could not determine the value of fuel expenses related to the transportation of roses separately. However, respondent also stated that it included fuel expenses related to the transportation of roses in the fuel purchase expenses reported in the CV table (see Appendix 7 of the respondent's August 24, 1994, submission). Absent any specific information on the fuel expense related to the transportation of roses, the Department, in its preliminary determination, used as BIA the monthly average fuel expense amount reported in the CV table.

Given the above-referenced facts on the record, we disagree with the petitioner that the information collected during verification with respect to fuel expenses is new. The information submitted on the record does include fuel expenses. However, due to the difficulty of identifying these expenses separately, the respondent included them in the overall fuel charges of the company.

During verification the respondent was able to provide information to substantiate an estimated monthly fuel expense amount. The estimated fuel charges were based on supporting documentation showing the distance in kilometers from the farm to the airport, the per gallon cost of fuel, and the number of gallons of fuel consumed per kilometer for the rented truck.

The method used by the respondent to estimate the fuel charges, and the supporting documentation collected during verification constitute sufficient evidence and a viable means which enabled the Department to identify the fuel expenses related to rose transportation from information already submitted on the record prior to verification. For the above reasons, the Department used respondent's estimated monthly fuel expense