for merchandise sold by using a monthly freight rate which may have been higher or lower then the rate applicable when the merchandise entered inventory.

Comment 42

The petitioner maintains that the Department should include reported sales which listed a box charge (a packing charge that the related importer charges the unrelated buyer) but a zero price.

The respondent argues that these are sample sales and that the Department stated that it would exclude sample sales in the preliminary determination. Respondent argues that the Department should exclude these sales in the final determination. In addition, the respondent requests that the Department allocate the movement expenses and packing costs of its sample sales over the total U.S. sales value.

DOC Position

It is within the Department's discretion to exclude U.S. sales when it finds that these are clearly atypical and not part of the respondent's ordinary business practice, *e.g.*, sample sales (*see Final Determination of Sales at Less Than Fair Value: Professional Electric Cutting and Sanding/Grinding Tools from Japan* (58 FR 30144, 30146, May 26, 1993)). However, we must also find that to use these sales would undermine the fairness of the comparison.

We have used transactions with positive box charge amounts in our analysis because these transactions are typical and part of the respondent's ordinary business practice.

Comment 43

The respondent maintains that one of the Department's verification issues is based on a misunderstanding of how the company accounts for preproduction costs in its normal books and records. Respondent claims that verification exhibits on the record conclusively support the fact that it ordinarily capitalizes preproduction costs in its financial statements.

Petitioner contends that respondent should not be permitted to explain its general ledger system and accounting practices in a case brief. Petitioner argues that respondent's case briefs are not intended to be a vehicle for the company to submit new information relating to matters that were not covered during verification.

DOC Position

This issue is moot since, despite respondent's normal accounting for preproduction costs, the Department allowed the company to capitalize and amortize its preproduction costs. See General Comment 19.

Comment 44

Respondent states that during verification, the Department found that there was a difference between the amount of preproduction costs capitalized for a particular test month and the amount recorded on respondent's preproduction cost amortization schedule for the same month. Respondent argues that this difference is insignificant and, thus, the Department need not adjust its reported rose production costs to account for the discrepancy.

Petitioner contends that in the interest of accuracy, the Department should correct for this differential in preproduction costs capitalized no matter how insignificant the effect.

DOC Position

We disagree with respondent that the difference between the amount of capitalized preproduction costs and the amount recorded on its preproduction cost amortization schedule for the same month is insignificant. The example highlighted in the cost verification report related to only one month of the POI. Yet, this difference is present in all twelve months of the POI. We therefore adjusted for the entire amount of underreported amortization relating to respondent's preproduction costs.

Comment 45

Petitioner claims that certain expenses recorded as cost of goods sold in respondent's financial statement should not be reclassified as G&A. Petitioner argues that respondent failed to provide evidence sufficient to support its claim that its expenses had been misclassified in the company's financial statements.

Respondent contends that the evidence it provided at verification clearly supports its reclassification of these expenses from cost of goods sold to G&A.

DOC Position

We agree with respondent that sufficient evidence was provided at verification to support the reclassification of these expenses to G&A. We therefore made no adjustment was made for purposes of the final determination.

Comment 46

Petitioner claims that respondent's SG&A costs should not be reduced by payments received from another company, since a portion of respondent's SG&A costs have already been allocated to that company. According to petitioner, if the Department were to allow the respondent to offset its SG&A by the payments received from the other company, it would effectively double count the offset. Additionally, petitioner argues that the revenue received by respondent from the other company is neither short term nor related to the rose production operations.

Respondent argues that the amounts received from the other company represent an offset to expenses recorded on respondent's books. According to the respondent, there is no separate allocation of SG&A expenses to the other company and, thus, the payments received from the other company are not double counted on respondent's books.

DOC Position

We agree with respondent that the amounts received from the other company are not double counted. The full amount of SG&A expenses are recorded on respondent's books. None of these expenses are allocated to the other company. By offsetting these total expenses with payments received from the other company, respondent is in effect charging the other company for expenses incurred on its behalf.

Comment 47

Petitioner argues that exchange gains and losses related to sales transactions and debt should be included in respondent's constructed value calculation. According to petitioner, failure to take into account these exchange gains and losses will result in the misstatement of respondent's costs.

DOC Position

We agree with petitioner in part. It is our practice to exclude from costs the exchange gains and losses arising from sales transactions since these amounts do not relate to production of the subject merchandise. Other exchange gains and losses associated with respondent's debt, however, relate to the company's overall operations. Thus, we have included these amounts in our calculation of respondent's rose production costs.

Grupo Andes

Comment 48

Respondent states that the Department should use the interest rate it reported for calculating credit expense. The respondent argues that the sales verification report acknowledges that: (1) The company used a variable rate demand note interest rate for calculating U.S. credit expense; and (2)