the terms of the bond define the interest rate as a weekly rate using a certain rate, which is the rate for high quality, shortterm or demand, tax-exempt obligations.

Respondent states that if the Department decides that this rate should not be used, then it should use the prime rate for calculating U.S. interest credit expense.

# **DOC Position**

We disagree with the respondent. While the respondent accurately describes the terms of the bond, the Consolidated Balance Sheet for Continental Farms (respondent's related subsidiary) shows that only the current portion of the bond is accounted for under "Current Liabilities"; the much larger portion of the bond is listed under "Long-term Debt." Thus, we view this obligation and the interest expense associated with it as long term.

Also, regarding U.S. credit expense, as noted in the verification report, respondent's U.S. credit expense verification exhibit contained a written explanation of its credit period calculation methodology from an accounting manual. This manual states that the methodology "does not work well with a seasonal business."

Therefore, we have recalculated the credit period using a different methodology but the same data contained in respondent's verification exhibit. In addition, we have disallowed respondent's interest rate and, instead, applied an average of publicly ranged interest rates. (See Comment 21.)

### Comment 49

The petitioner argues that respondent could not identify export selling expenses from its books and records. It states that respondent earlier reported having an "export department" that prepared weekly and monthly reports concerning export quality roses sold in Colombia. The petitioner argues that expenses incurred by this department should be included in the total amounts allocated to indirect selling expenses incurred in Colombia.

The petitioner also states that, with regard to indirect selling expenses incurred in the United States, the verification report indicated that indirect selling expenses were allocated over "total global sales." The petitioner states that given that Continental Farms is located in the United States and that the respondent is attempting to derive U.S. selling expenses, such an allocation appears overly broad.

Respondent states that it has included in its indirect selling expenses incurred in Colombia all such expenses that could be identified based on available accounting records. Respondent also states that the petitioner's suggestion regarding administrative expenses is unreasonable. With regard to indirect selling expenses incurred in the United States, the respondent states that those expenses were allocated over total sales of all products by Continental Farms, not Andes as the petitioner seems to assume.

### **DOC Position**

We agree with the respondent. At verification, the Department found no information to indicate any U.S. indirect selling expenses incurred in Colombia beyond those identified. Also, we found no significant discrepancies with the information examined.

With regard to indirect selling expenses incurred in the United States, the respondent allocated such expenses over sales of all products to all markets by Continental Farms only.

We agree with the respondent that its allocation methodology was reasonable based on what was examined at verification.

# Comment 50

Petitioner notes that for purposes of computing U.S. value added, respondent allocated net profits between U.S. and home market production costs based on the transfer price charged by the respondent to its U.S. affiliates. Petitioner states that the Department has always supported a cost based profit allocation methodology in further manufacturing cases. Petitioner therefore argues that the Department should exclude all of respondent's U.S. value added sales from the LTFV margin calculation.

Respondent acknowledges that the Department normally allocates profit on the basis of cost in further manufacturing cases. Respondent maintains, however, that because of the unique nature of the rose market and the volatility in its pricing, profits should be allocated on the basis of price, not cost.

### **DOC Position**

We agree with petitioner that our normal practice is to allocate profit in further manufacturing cases on the basis of relative cost. See Dynamic Random Access Memory Semiconductors of One Megabit and Above from the Republic of Korea (54 FR 15467, March 23, 1993). Respondent has provided no evidence or support for its argument that, because of price volatility in the roses market, our normal practice distorts the antidumping analysis. Therefore, we have allocated the profits for further manufactured roses on the basis of cost

and have included these sales in our analysis.

### Comment 51

Respondent argues that the Department's cost verification report significantly overstates the amount of G&A expenses of the respondent that should be allocated to rose production. Respondent notes that the Department's report indicates G&A costs inclusive of the intercompany purchase of flowers. Respondent argues that the respondent's intercompany purchase of flowers for resale should not be considered part of the company's G&A expenses. In addition, respondent believes that the Department's calculation of the respondent. G&A expenses does not take into account the company's other income which should be deducted from the G&A expenses. Finally, respondent asserts that the respondent's net G&A expenses should be allocated among the different flower types sold by respondent.

Petitioner argues that respondent's claims regarding other revenue are not support by the record. Petitioner argues that respondent's case brief is not the place for explaining data that should have been presented during verification. Accordingly, petitioner does not believe that there is any basis to credit respondent's G&A expenses with the offset for respondent's other revenue.

### **DOC Position**

We agree with respondent that the costs of intercompany purchases of flowers should not be included in the calculation of G&A expenses. However, we also agree with petitioner that the record does not support respondent's claims for other income offsets to the G&A expenses. Accordingly, we have rejected respondent's argument and calculated the G&A based upon the costs examined at verification.

# Grupo Benilda

## Comment 52

Respondent maintains that it reported home market sales in U.S. dollars because the home market sales transactions were denominated and invoiced in U.S. dollars. According to respondent, the home market customer paid the peso equivalent of the invoiced dollar amount, using the exchange rate on the date of payment. For this reason, respondent argues that the Department should not attempt to recalculate the value of these sales by converting dollars to pesos and then converting pesos to dollars because, respondent claims, this would distort the real value of these sales.