severance pay system that could benefit the company in future periods.

Petitioner argues that the severance paid during December 1993 should be expended in the POI, according to the company's normal accounting practice. Petitioner states that severance by nature is based on past service, not future services. Petitioner argues that it is unclear whether the expenditures will produce any future cost reductions. Additionally, there is no basis to conclude that respondent's normal accounting practice distorts actual costs.

DOC Position

We agree with respondent. In order to benefit from the amendment to the Colombian labor laws, respondent paid its employees a voluntary bonus that was equivalent to approximately two years of severance payments under the old system. The adoption of the amendment by a company is voluntary. The purpose of the amendment is to generate lower monthly severance provisions in the future. For the submission, respondent amortized this bonus over the period it will take to recover the bonus expense through cost savings. Since the bonus is, in effect, a prepayment of future severance cost, we made no adjustment. The Department also recognizes that U.S. GAAP allows delayed recognition of post-employment benefits. Thus, charges for post-employment are not recognized as incurred but are recognized systematically over future periods. Therefore, no adjustment was made for purposes of the final determination.

Comment 60

Petitioner states that the accounting adjustments made during the POI should be included in COP and CV. Petitioner argues that respondent has not demonstrated that the adjustments were not, in fact, actual expenditures during the POI. The petitioner also states that there is no basis on which to depart from the company's audited financial statements.

Respondent argues that when calculating constructed value, the Department may include only those costs which would ordinarily permit production in the ordinary course of business. 19 U.S.C. 1677b(e)(1)(a). Respondent contends that the Department should not automatically rely upon a company's accounting records, but instead, should determine whether the amount represents a cost of production properly attributable to the POI, and if it does not, it should be excluded. The respondent argues that a company may properly treat a cost for the purposes of calculating constructed value in a manner that differs from the treatment of those costs in the company's books. Respondent argues that is appropriate when the treatment in the books does not represent actual production costs and cites the final determination of sales at less than fair value:

Ferrosilicon From Venezuela, 58 FR 27522, 27527 (1993).

DOC Position

We agree with the respondent. At verification, respondent demonstrated that the year end adjustments were not current production costs. Instead, these entries related to costs of the following year. Respondent provided data to support that the adjustments were reversed within the first few business days of 1994, and, thus, were properly recorded in 1994 production costs.

Comment 61

Petitioner contends that the 1992 maintenance costs capitalized in the company's books and the amortized during 1993 should not be excluded from reported costs. The petitioner claims that there is no basis on which to depart from the company's audited financial statements.

Respondent states that these capitalized maintenance costs did not relate to the production of subject merchandise during the POI. Respondent states that if the Department were to include 1992 maintenance expenses in 1993 cost, then to be consistent, some maintenance expenses incurred in 1993 should be reclassified as 1994 costs.

DOC Position

We agree with respondent. By capturing all of respondent's 1993 operating expenses we have accounted for all rose production costs. Accordingly, no adjustment is deemed necessary.

Comment 62

Respondent states that the Department should not include in CV the costs of a certain business investment that is wholly unrelated to the production of roses in Colombia. Respondent notes that the income generated by this investment was similarly excluded from the submission.

DOC Position

We agree with respondent. Since this investment is not related to the production of roses, we did not include the income or expenses associated with it.

Grupo Bojaca

Comment 63

Respondent confirmed that it properly reported G&A expenses. Thus, respondent claims there is no longer any factual basis upon which to continue the G&A adjustment made in the preliminary determination.

DOC Position

We agree with the respondent. The Department adjusted the G&A amounts at the preliminary determination because respondent had failed to provide a timely reconciliation of the reported amounts. Subsequently, the Department reconciled these costs at verification. No discrepancies concerning this expense were noted at verification, therefore, adjustments are no longer necessary.

Comment 64

The petitioner claims that offsets to financial expenses were overstated by profits on investment sales, income from previous years, and other income. The petitioner states that only income directly related to the short-term interest expenses is permitted as an offset to interest expense. Moreover, the petitioner states that respondent failed to show that the claimed income is related to short-term investments. Such support is required before income can be used as an offset to interest expenses. The petitioner states that income from prior years or from insurance claims does not relate to current short-term interest costs.

Respondent claims that its reported financial income is appropriately treated as an offset to financial expenses. The respondent also argues that the Department should not recalculate its reported per unit net interest expense so as to allocate total company-wide interest expense to roses. The respondent states that this is a generic problem (for all companies) that stems from the Department's misunderstanding of how the CV tables were developed in the *Fresh Cut Flowers* cases. The respondent states that the Department should utilize the per unit net interest expense as calculated in the CV tables submitted.

DOC Position

We agree, in part, with both the petitioner and the respondent. The miscellaneous income amounts allocable to roses were reclassified to G&A expense. Only interest earned on short-term investments of working capital was used to offset financial expense. As to the error in the CV table,