verification the Department discovers information which is contrary to your August 9, 1994, letter, we may reconsider these decisions." At verification, we examined the records which contained freight cost entries for truck services and for van expenses. The various related accounts, such as maintenance and depreciation, apply to any and all use of the U.S. subsidiary's vehicles. Company officials showed us that these general expenses apply universally to trucking and van services. Verification confirmed that there was not a reasonable method available for disaggregating the costs for U.S. inland freight for roses.

Therefore, we have kept U.S. inland freight charges as a component of the U.S. subsidiary's indirect selling expenses in keeping with the terms outlined in the Department's August 10, 1994, letter.

Comment 70

The petitioner argues that certain advertising expenses should be treated as direct selling expenses and should only be allocated to U.S. sales. The petitioner states that since the advertising was published in the magazine *Florists Review*, the readers of the magazine would be customers of respondent's customers, that is, the florists who buy from the wholesalers who purchase roses from respondent.

The respondent maintains that, first, these are insignificant expenses and their treatment as direct selling expenses would make little impact on the dumping calculation. Second, the respondent maintains that the U.S. subsidiary's advertising is seen by wholesale customers who also read Florists Review. Third, respondent argues that this magazine is also distributed in Canada; thus if direct selling expenses are warranted, Canadian sales as well as U.S. sales should be affected.

DOC Position

We disagree with the petitioner. We re-examined the sample documentation in verification Exhibit 14C. The evidence shows that the advertising touts the U.S. subsidiary's reliability as a supplier. Nowhere does the advertising speak to retail shops; no admonitions exist for retail florists to ask their suppliers to look for the U.S. subsidiary's products. As the advertising is aimed at respondent's customer, and not to that customer's customers, we have made no change in treating advertising as reported indirect selling expenses.

Comment 71

The petitioner alleges that purchase prices should be adjusted to reflect unreported wire transfer changes. The petitioner cites the verification report, which states that one U.S. customer paid respondent by wire transfer and deducted the wire transfer cost from the amount paid to respondent. Respondent did not report this reduction to the U.S. proceeds from the sale in question. The petitioner maintains that since there is no indication on the record as to how many U.S. transactions involved wire transfer charges or how many U.S. customers deducted wire transfer charges from the amount returned to respondent, the Department should deduct the verified single discrepancy, as a percentage of gross price, from all purchase price sales to all customers.

The respondent argues that since this issue only involved one of six purchase price sales examined at verification, only the single sale in question should be modified for the discrepancy.

DOC Position

Wire transfer is one of several common methods of payment by respondent's customers. The unreported deduction from invoice price for wire transfer charges appeared in one of six sales examined at verification. As BIA, we have reduced all sales to that purchase-price customer whose payment showed this omission, by the corresponding percentage of the unreported reduction to U.S. price.

Comment 72

The respondent maintains that the Department should use the reported interest rate to calculate imputed credit on U.S. sales. The respondent maintains that it submitted proper documentation to the Department for the reported rate and states that its U.S. subsidiary did not have loans during the POI.

DOC Position

We agree with the respondent. Respondent did provide requested documentation for its reported interest rate on September 22, 1994. Respondent was fully prepared to review its history of borrowing during the POI; the verification team elected not to review the materials, thus no negative inference is warranted.

Comment 73

The respondent maintains that the Department should use the expenses reported as adjustments to U.S. price.

DOC Position

We agree, in part, with the respondent. We are using the data

submitted to the Department by respondent on December 7, 1994, which includes corrections based on the company's verification. We have also made minor adjustments, such as that for missing U.S. wire transfer charges.

Comment 74

Respondent contends that its submitted G&A expense was properly allocated based on cost of manufacturing (COM). Additionally, respondent states that all of its business activities related to growing flowers.

Petitioner alleges that G&A was allocated on the basis of variable costs, and asserts that G&A should be allocated based on cultivated area because fixed costs associated with business activities not concerned with subject merchandise, *i.e.*, a cattle ranch, are very different than flowers.

DOC Position

The Department considers respondent's allocation of G&A based on COM to be a reasonable methodology. Additionally, there is no information on the record indicating that the respondent was involved in activities other than growing flowers during the POI.

Comment 75

Petitioner claims that rose production costs were understated because all production costs were allocated on an equal basis, by area, to field crops (containing gypsophilia. flowers) and flowers grown in greenhouses.

Respondent states that its gypsophilia. crop was grown in greenhouses and that petitioner provided no evidence to support its accusation that gypsophilia. was a field crop. Therefore, the Department should reject petitioner's claim.

DOC Position

There is no compelling evidence to support petitioner's claim that respondent's production cost allocation methodology distorts rose production costs. Accordingly, we made no adjustment for purposes of the final determination.

Grupo Floramerica

Comment 76

The respondent argues that all of its selling expenses were incurred by Floramerica, S.A. and Flores Las Palmas. The respondent states that its central office incurs the majority of the selling expenses and records them in Floramerica, S.A.'s books. The respondent explains that the central office provides selling and support functions for all products at all the