

should be rejected in favor of BIA. The petitioner argues that respondent revised its U.S. sales listing twice prior to verification and that the Department found additional discrepancies with regard to volume and value of sales at verification. The petitioner also states that revenue and charges were incorrectly reported and identifies discrepancies with respect to box charges, air freight, return credits (see Comment 82).

DOC Position

We agree with the respondent. While it was not possible to use the information submitted by respondent for the preliminary determination, the respondent has submitted, and we have accepted, revised information which was examined at verification. Although the information examined at verification contained some discrepancies, these matters were not so significant as to demonstrate that respondent's U.S. sales listing, as a whole or in part, was unreliable.

With respect to the quantity and value of respondent's U.S. sales, the discrepancies found were relatively minor. We find no reason to use BIA for respondent's U.S. sales response.

Comment 82

The petitioner states that at least box charges should be assigned a best information value equal to the lowest amount reported for any sale during the POI or denied altogether as an adjustment. It also states that since air freight charges are misallocated by the number of stems rather than by weight, the Department should identify the highest per-stem charge for any month and apply that charge to all U.S. sales as "best information."

The respondent states that the box charge issue noted by the petitioner affected only two customers, and was insignificant. The respondent also states that the petitioner has confused total box charges per observation with the box charge per box. The respondent states that the petitioner's allegations with regard to its reporting of return credits are similarly groundless and reflect a lack of understanding of how the grower reports record return credits. The respondent states that nothing on the record or in the sales verification report supports the contention that its reporting of return credits to the Department was in any way unreliable.

Respondent also rebuts the petitioner's assertion that air freight charges were misallocated since it is charged for air freight on the grower's reports by the number of stems and that is, therefore, the only reliable basis it

has for making this allocation. Respondent adds that the grower's reports do indicate air freight attributable to non-roses (*i.e.*, gypsophila, and alstromeria) and those amounts were deducted from the total allocated to roses. The respondent also states that such information was fully verified by the Department and no discrepancies were reported.

DOC Position

With regard to the question of return credits and air freight and box charges, the calculation methodologies were reasonable and consistent with the information available from grower's reports. With regard to return credits, in particular, we noted at verification that the respondent was able to link return credits to sales. Moreover, we accepted the respondent's explanation that in some instances customers claim credits in excess of the gross value of the merchandise and that in such instances, the respondent does not make customers adjust for such excessive credit claims. We have therefore, made no adjustments to the data that respondent submitted regarding these issues.

Comment 83

Respondent states that for purposes of its final determination the Department should accept its minor clarification in its reporting of Colombian Flower Council Contributions. The respondent states that although certain discrepancies with respect to fees paid to the Colombian Flower Council were found at verification, the respondent provided information at verification clarifying these discrepancies.

DOC Position

While certain discrepancies were discovered by the Department during verification, we verified the revised data and have used this data in our margin calculations.

Comment 84

Petitioner states that respondent excluded various nonoperating expenses from its submitted rose production costs and that the excluded items should be added back as current production costs. Petitioner asserts that absent any evidence to establish that such costs were misclassified in respondent's normal accounting records, there is no basis to exclude these costs.

Respondent maintains that it properly excluded many of the non-operating expenses noted by the petitioner since these expenses did not relate to the current production or sale of roses.

Respondent further states that it excluded other expenses listed by the petitioner because the expenses related to rose production costs from years prior to the POI.

DOC Position

We agree with petitioner in part. The unreported general income and expense items relating to Intercontinental as a whole were included in our cost calculations. Certain income and expense items identified during the current year relate to prior periods. Similarly, income and expense items relating to the current year are not identified until a future point in time, thus generating an offsetting effect. Therefore, we adjusted the submitted G&A costs to include the unreported income and expense items.

Comment 85

Respondent states that G&A expenses were properly allocated according to the number of employees assigned to each flower type. Respondent states that the number of workers, by flower type, is a reasonable surrogate for cost of goods sold when allocating G&A, since labor is the largest expense in flower production.

Petitioner states that G&A should be reallocated based on cost of goods sold or area in production, rather than number of employees. Corporate salaries for the finance department, legal department, and the like have no relationship to the number of employees by flower type. Such costs are generally allocated according to cost of goods sold.

DOC Position

We agree with the petitioner and have reallocated G&A using production area. During verification, it was found that the number of employees assigned to each flower type was an estimate and could not be verified.

Grupo Papagayo

Comment 86

The petitioner maintains that one of the exhibits (Exhibit Indirect-3) collected during respondent's verification shows that certain expenses for rents and leases incurred by the sales department, and other expenses related to photocopies and building administration were not included in the reported indirect selling expenses. The petitioner argues that since the expenses are related to the Sales Department, they should be included in respondent's indirect selling expenses.

Respondent states that the expenses contested by the petitioner are G&A, not selling expenses, and were reported to