

calculation of indirect selling expenses for the people in Bogota that take care of preparing export documentation and coordinating shipments. Respondent claims that it has no other salaries related to sales to the United States.

#### DOC Position

We agree with the respondent. The petitioner's allegation is unfounded and we have not adjusted respondent's indirect selling expenses to include salaries.

#### Grupo Sabana

##### *Comment 96*

The petitioner alleges that respondent did not consistently record oil and gas charges associated with rose transportation and that for certain months these charges were reported under other accounts. The petitioner requests that we use, as BIA, the highest cost per unit in a given POI month.

The respondent maintains that it reported all of its freight costs and that the Department verified these costs during both the cost and sales verifications. The respondent also contends that if there are any additional expenses, they are captured in the reported CV. The respondent maintains that there is no justification to resort to BIA since its reported inland freight expenses tie directly into its accounting records. Finally, the respondent notes that if the Department deemed it necessary to include freight expenses in the freight calculation, the amounts involved are insignificant, and the adjustment has no impact.

#### DOC Position

We agree with the respondent. We established that the reported oil and gas expense plus an amount included on the worksheet sum to the expense reported in the respondent's financial statement. We further note that during the cost verification not every month had an oil and gas expense, but these omissions were due to accounting practices that are generally accepted accounting principles in Colombia. Therefore, we have accepted the respondent's freight expense allocation methodology.

##### *Comment 97*

The petitioner argues that respondent should not be using the prime rate when other U.S. importers that had POI short-term borrowings did not obtain such a rate. The petitioner maintains that we should increase the respondent's interest rate to be consistent with the commercial rate actually charged to other importers during the POI.

The respondent notes that there is no record evidence that it used an inappropriate U.S. interest rate. Therefore, the respondent maintains that the Department should accept its U.S. credit expense calculation.

#### DOC Position

We agree in part with the petitioner. In situations where there are no borrowings in the currency of the sales made, we have used external information about the cost of borrowings in a particular currency (see *Notice of Preliminary Determination of Sales at Less Than Fair Value: Certain Carbon Steel Butt-weld Pipe Fittings from Thailand*, 59 FR 50568, October 4, 1994). We are using an average of the interest rates reported by those respondents that had actual U.S. borrowings during the POI. We consider this to be the best estimate of the U.S. dollar borrowing rates for those respondents that had no short-term borrowings, as it is based on the actual expenses of other respondents.

##### *Comment 98*

The petitioner argues that the Department should increase the number of days used in the respondent's expense calculation because the respondent's methodology only accounts for merchandise which has already reached U.S. inventory and does not take into account the time during which merchandise is transported from the factory to Miami.

The respondent maintains that in the inventory day calculation the Department should not increase the number of days by the amount the petitioner is proposing because that amount represents the time it takes to transport the product to Toronto and Montreal and not to Miami.

#### DOC Position

We agree in part with the petitioner. Our verification report at exhibit 24 demonstrates that the respondent did not take into account the time necessary to transport the merchandise from the factory to Miami. Therefore, we added to the number of inventory days an amount which other respondents claimed was necessary to transport product from the factory to Miami.

##### *Comment 99*

Respondent argues that the Department should allocate certain production costs based on the number of beds under cultivation and not based on the hectares under cultivation, because all of its recordkeeping is based on beds.

Petitioner contends that allocation by beds is less precise because it does not account for walkways, common areas, and there is no evidence that subject and nonsubject beds are the same size.

#### DOC Position

The Department agrees with the respondent. During verification, the Department reviewed the beds under cultivation allocation methodology and found it to be a reasonable approach. The methodology is used in respondent's normal course of business, and has been accepted in the *Fresh Cut Flower* reviews.

##### *Comment 100*

The petitioner argues that cull revenue should not be offset against production costs. Petitioner argues that a certain expense is diminished to the extent of the cull revenue.

Respondent claims that cull revenue must be included in the calculation of CV. Respondent argues that there is no justification for disallowing the credit to production costs because of where the revenues are deposited.

#### DOC Position

We agree in part with the petitioner. The Department allowed only the rose cull revenue recorded in respondent's normal accounting records to offset production costs. All claimed cull revenue which had not been appropriately deposited into respondent's bank account has been excluded. The cull revenue that is not deposited into respondent's bank account is neither recorded nor reported in any of respondent's accounting records.

#### Grupo Sagaro

##### *Comment 101*

The petitioner argues that the discovery of unreported stems that were sold to one customer in June 1993 undermines the reliability of respondent's submission. The petitioner also contends that the verification of February 1993 sales did not include this customer. For these reasons, the petitioner argues that the Department should not rely on respondent's data in these circumstances. If the Department used respondent's data the petitioner argues that it should increase the quantities sold to all customers in June proportionately or, at the least, increase the quantity sold to this customer.

The respondent argues that there are no grounds for the petitioner's assertion that a minor discrepancy in its sales reporting to one customer undermines its response. The respondent maintains that this discrepancy accounts for an