verification in Ecuador established that respondent could not support the total indirect selling expenses incurred in Ecuador and urges the Department to allocate the larger amount to ESP sales as BIA.

DOC Position

We disagree with petitioner that BIA is warranted. At verification, we noted a small discrepancy in respondent's submission. At verification, we tied indirect selling expenses to the general ledgers and trial balances. Consistent with our treatment of minor changes to submitted data, we have used the verified data for respondent's indirect selling expenses. *See e.g., Minivans.*

*Comment 31*

Petitioner takes issue with the verification of respondent's reported ''estimator'' used to calculate foreign inland freight and states that the Department should base foreign inland freight on BIA for purposes of the final determination.

Respondent states that its foreign inland freight expense was based on the cost paid to its unrelated trucking company to transport roses from the farm to the airport. Respondent claims it accurately reported this expense by dividing the standard charge by the number of boxes shipped, and then dividing the per box charge by the number of stems per box. Respondent claims that the Department verified the accuracy of the standard freight charge by reviewing six selected entries to the freight account from three months of the POI. With the exception of freight charges paid to a former employee, respondent claims the Department found its standard freight charge to be accurate. Thus, respondent states the Department should accept this expense as verified.

DOC Position

We agree with petitioner. Only fifty percent of the entries examined tied to respondent's responses. Therefore, we have used the highest foreign inland freight amount reported in respondent's response as BIA.

*Comment 32*

Petitioner notes that verification disclosed that respondent offset its short-term interest expenses by income from exchange-rate gains on sales, sales of humus, and ''other'' income. Petitioner claims that none of these income items is allowed as an offset to interest expenses according to longstanding Department practice unless it is directly linked to the interest expenses deducted. *See, e.g., Silicon Metal from Brazil,* 59 FR 42806, 42811 (August 19, 1994) (final results admin. review); *Certain Carbon and Alloy Steel Wire Rod from Canada,* 59 FR 18791, 18795 (April 20, 1994) (final LTFV determination).

Respondent claims it offset financial expenses with short-term interest income and exchange gains generated from sales transactions. Respondent cites the verification report wherein the Department, ''[e]xamined the assets which generated interest income and noted that they were short-term in nature.'' Respondent states the Department also noted that exchange gains that were offset against financial expenses were from sales transactions. Thus, the Department should accept its financial expenses as reported.

DOC Position

We agree with petitioners that these items are not proper offsets to interest expenses as they are of a general and administrative nature.

**GUAISA**

*Comment 33*

Petitioner argues that the U.S. sales listing is unreliable and should be disregarded. Petitioner points out that at verification the Department found one U.S. ''sale'' that was reported with a quantity, price and payment date even though the roses were discarded at the county dump. Petitioner contends that this sale was not a sale but a computer generated transaction. Petitioner states that because one of the eight ESP transactions reviewed at verification contained this computer generated transaction, it is unclear whether, and to what extent, other computer generated transactions are contained in the sales listing. Petitioner argues that the reliability of Respondent's related consignee's sales data is in question because of this significant flaw. Therefore, petitioner contends, the Department should not rely upon respondent's data but assign an LTFV margin to respondent based on BIA.

DOC Position

We disagree with petitioner. We examined respondent's records in considerable detail at verification and are satisfied that this discrepancy is not widespread. Therefore, there is no basis to use BIA, and we accept respondent's U.S. sales data for purposes of calculating a margin.

*Comment 34*

Respondent claims that the Department should disregard disposal sales from its sales listing and that ''disposal'' sales are different from ''end of the day'' (*i.e.,* distress) sales. Respondent states that the purpose of a disposal sale is to discard waste and that disposal sales are made to customers outside the fresh cut flower industry, such as manufacturers of potpourri or dried flowers, and recyclers of cardboard and plastic. Respondent maintains that it has a separate coding system in its computer system for disposal sales and does not pay its U.S. subsidiary a commission on these sales.

Respondent maintains that disposal sales differ from distress sales because they are inflicted with disease or damage before entering the United States. Further, respondent contends that it established at verification that roses classified as disposal enter the United States in damaged or diseased condition.

Respondent also argues that the discarded roses are essentially the equivalent of ''secondary merchandise'' which the Department has excluded from the calculation of USP in other cases (*see, e.g., Certain Cold-Rolled Carbon Steel Flat Products from Argentina,* 58 FR 37062, 37077 (July 9, 1994) (*Carbon Steel*). Respondent notes that in *Carbon Steel,* the Department excluded sales of non-prime merchandise where sales of such merchandise were an insignificant portion of total sales. Respondent maintains that its disposal sales constitute far less than five percent by volume of its related consignee's sales. Respondent claims that the high percentage of monthly disposal sales in May was due to a propagation of botritis.

Regarding ''zero-value'' sales, respondent states that by definition, a ''zero-value'' sale is one for which no revenue has been collected. Respondent asserts that petitioner mistakenly claims that the verification report states that a ''box charge is collected'' on so-called zero-price sales because the verification report does not make any reference to ''zero-value sales'' on the page cited by petitioner. Respondent states that petitioner is confusing zero value sales with disposal sales. The basic legal definition of a ''sale'' necessarily includes the exchange of money; this component is distinctly absent from zero-value sales.

Petitioner argues that: (1) There is no record support and no verified evidence that roses have been damaged or diseased before entering the United States; and (2) there is no basis offered by respondent on which the Department could segregate sales of diseased roses from normal distress sales that result from the perishability of roses.