

### DOC Position

Respondent reported an air freight rebate and six free airline tickets received from its air cargo carrier in its response. For the preliminary determination, we deducted the air freight rebate from air freight expenses. We did not deduct the value of the six free round trip airline tickets from respondent's air freight expenses. We verified that respondents received rebates on air freight expenses incurred during the POI. Therefore, we granted the percentage of rebate allocable to roses based on exports of roses to exports of all products. Regarding airline tickets, because these tickets are not a reduction of the air freight expense of respondent, or a reduction to respondent's cost, we discarded the airline tickets from our analysis.

### Comment 37

Respondent argues that the Department should accept the reported number of days for purposes of calculating imputed credit calculation on its purchase price sales.

Respondent's accounting system did not electronically link the date of sale and date of payment, instead respondent manually matched invoices and payment records. Respondent stated that, a burdensome and exhaustive task, some errors occurred. However, respondent argues that these errors were not significant and worked to respondent's disadvantage.

Petitioner argues that since the Department only verified a few observations and found pervasive errors in credit days reported the payment days reported are unreliable and the Department should apply BIA. Petitioner asserts that, as partial BIA, the Department should select the longest payment days from a non-aberrational transaction and impute that period to all U.S. sales.

### DOC Position

We agree, in part, with petitioner. As BIA, we used the highest monthly weighted-average credit days reported on purchase price sales. At verification, we found that every preselect and surprise sale had an error in the calculation of the number of credit days outstanding for third country and purchase price sales.

### Comment 38

Respondent asserts that the Department should use the verified interest rate for the imputed credit expense for purchase price sales. Respondent argues that using the verified interest rate does not substantially effect previously

submitted information. Therefore, respondent claims that, the Department, consistent with its precedent and practice, should accept and use the revised calculations. In support of this assertion, respondent cites the final determination of *Certain Steel Products from Italy*, 58 FR 37327 (July 9, 1993) wherein the Department used actual information provided by respondents at verification which did not substantially amend previously submitted data.

Petitioner argues that information regarding purchase price interest rates collected at verification should not be accepted by the Department merely on the ground that the revisions do not substantially affect previously submitted. However, to the extent that these corrections were verified and the Department was satisfied of their accuracy, petitioner does not object to the use of the verified interest rate.

### DOC Position

We agree with both parties. We used the verified information for calculating the interest rate for imputed credit.

### Comment 39

Respondent, stating that it experienced extraordinary wind damage on August 2 through 7, 1993, argues that the Department should not include in COP or CV, the expenses it incurred to rebuild its greenhouses. Respondent maintains that the hurricane winds experienced during the POI were not a normal event. Respondent states that according to U.S. GAAP, for an event to be considered "extraordinary" it "must be unusual in nature and infrequent in occurrence." (See *Floral Trade Council v. United States*, Slip Op. 92-213.) Respondent contends that the hurricane winds it experienced were both "unusual in nature" and "infrequent in occurrence." Respondent states that this was the first time that winds of such abnormally high and devastating velocity struck the region, and thus such winds were highly abnormal and could not be reasonably anticipated. Accordingly, respondent contends that the Department should base CV on the actual production of the first five months of the POI and expected production for the remaining seven months. In addition, respondent urges the Department to exclude its extraordinary costs associated with the damage from the windstorm.

Petitioner notes that wind, like other weather conditions, is an anticipated factor in growing roses. Petitioner maintains that certain losses occur each year due to weather, disease, or the environment. Therefore, there is no

basis to treat respondent's wind damage costs differently for this investigation.

Petitioner argues that respondent did not claim expenses associated with the windstorm as "extraordinary" in its financial statements. Thus, petitioner contends, there is no basis upon which normal and allegedly "extraordinary" costs can be segregated.

Petitioner maintains that if an adjustment for extraordinary losses is granted, it would be improper for the Department to determine unit costs based on theoretical production. Instead, extraordinary cost from the storm should be removed from the total and then actual costs incurred should be spread over actual production.

### DOC Position

We agree with respondent. At verification we reviewed news videos and photographs of the wind damage. The severe wind storm damage resulted in an unusual loss of crop. To make an appropriate adjustment for this loss we have normalized the production level. We have relied upon the actual number of stems sold in January through July 1993. For the months which suffered crop losses due to the storm, i.e., August, September, October and November, we have based our calculations of monthly stems produced on the average of actual monthly sales from the first seven months of 1993. This is a conservative estimate since respondent had plants that would have begun to enter the productive phase during the August-November period. Thus, under normal circumstances, production would have increased to include additional stems harvested from plants just starting the production period when the wind storm occurred.

Finally, we disagree with petitioner that we should remove all expenses as an extraordinary cost and that it would be inappropriate to isolate an extra cost of the storm. The Department determined that the major loss of the storm was the loss of the growing crop, the stems which would have matured over approximately the next twelve weeks. Therefore, we believe that it is appropriate to adjust for the loss of the crop.

### Comment 40

Petitioner states that verification disclosed that nursery plants were excluded from the basis for allocating certain costs to rose production. Petitioner argues that by depreciating the rose plants over their useful life, respondent takes account of the pre-production stage of its rose plants. Therefore, respondent should not also exclude plants in the pre-production