- · China Market Access for Agricultural Products: China continues to apply to U.S. exports of citrus fruit and Pacific Northwest wheat phytosanitary standards that are not based on scientific principles and which act as a virtual ban on these exports. Under the 1992 U.S.-China Market Access Memorandum of Understanding, China committed to remove by October 1993 any unscientific phytosanitary standards on a number of agricultural items, including citrus and wheat. China is a major potential market for U.S. citrus and what producers. Despite further commitments on the part of China and repeated efforts by the U.S. to negotiate a resolution of these issues, China has yet to remove these unscientific restrictions. The United States and China are continuing bilateral discussions.
- B. The following practices were determined not to be appropriate for identification because they are already being addressed by other provisions of U.S. trade law, existing bilateral or multilateral agreements, or in trade negotiations with other countries, and progress is being made in addressing them. These practices do, however, remain significant trade negotiating objectives of the United States.
- Korea Market Access for Autos: The United States has had serious concerns regarding access to the Korean market for automobiles. Korea has maintained a number of barriers to market access for foreign autos, including taxes that particularly burden imports, measures which have created anti-import sentiments, and standards barriers. As a result of recent negotiations, the United States has reached agreement with Korea on measures to improve access to the Korean auto market and will be consulting with Korea on further steps to open that market to foreign competition. The United States will monitor closely progress in implementing the agreement and the results of ongoing consultations with a report due to the USTR on June 1, 1996.
- Korea Market Access for Medical Devices: Korean Government regulations impede market access for U.S. medical devices. The regulations require unwarranted local testing for certain products. For example, for eleven categories of medical devices that Korea classifies as "sensitive," testing is required for each piece, even if the product has been previously imported. Korea also requires disclosure of proprietary and other product information without adequate protection from disclosure to local competitors. Competition from imports is further limited by a requirement that

- a local medical equipment trade association monitor each import shipment for product, volume and price information. The United States is continuing to negotiate with Korea to resolve outstanding issues.
- Korea Market Access for Agricultural Products: The United States has reached agreement with Korea to address the adverse impact of government-mandated shelf-life standards on imports of meat and other agricultural products, but market access barriers to other agricultural products, including citrus and almonds, continue to exist. Korea has designated a cooperative, which produces and markets Korea's only citrus product, to manage the tariff rate quota on U.S. oranges. Consumer acceptance of U.S. fruit is discouraged because the cooperative allows entry of only lowquality fruit. Also, market access is inhibited by Korean delays in clearing incoming agricultural products. Cumbersome commercial import procedures, such as governmentrequired approval on letters of credit, have a further adverse effect on market access for almonds and other agricultural products.
- EU Utilities—Telecommunications Procurement: The European Union (EU) member states continue to apply discriminatory requirements under the EU Utilities Directive to procurements of telecommunications equipment. The Directive requires telecommunications utilities to penalize bids of equipment with less than 50 percent EU content by a 3 percent margin and allows them to reject such bids altogether at their discretion. In 1993, the United States implemented sanctions against the EU under Title VII of the 1988 Trade Act. These sanctions remain in force and were recently extended to the three new member states-Austria, Finland and Sweden. The United States continues to work toward a liberalized telecommunications market in the EU through for such as the WTO Negotiating Group on Basic Telecommunications Services.
- German Market Access for Power Generation Equipment: Power generation utilities in EU member states are covered by the 1993 U.S.-EU Memorandum of Understanding (MOU) on Government Procurement, which expires at the end of 1995, and the U.S.-EU Marrakesh Agreement on Government Procurement, which will be implemented through the new WTO Government Procurement Code beginning January 1, 1996. Germany has failed to fully adhere to its obligations under two EU directives that implement EU obligations under the 1993 MOU

- (the Utilities Directive and the Remedies for Utilities Directive) with respect to a steam turbine procurement associated with the Lippendorf project undertaken by the German utility, VEAG. A German review body, the BVS, concluded on September 14 that the contract for the steam turbine procurement had been awarded illegally but declined to overturn the contract. Therefore, the United States will continue to monitor developments in the case and Germany efforts to provide transparent award procedures and rapid and effective remedy procedures for other pending and future procurements. The United States also will work with the EU Commission to ensure that the WTO Government Procurement Agreement is fully implemented when it enters into force on January 1, 1996.
- EU Ecolabeling Directive: The EU Ecolabeling Directive sets forth a scheme whereby EU member states will develop voluntary criteria for granting environmental labels with respect to products in specific sectors. Without objecting to the concept of Ecolabeling, the United States has expressed concern about potential adverse impacts on U.S. exports. In particular, the United States is concerned that the process for developing criteria in certain industry sectors has been insufficiently transparent and has failed to provide for adequate participation by U.S. and other non-EU interests. The United States has also urged that the criteria not reflect a single approach to environmental protection without adequate attention having been given to other potentially comparable approaches and that the EU Ecolabeling program provide sufficient and accurate information to consumers regarding the relative environmental impacts of competing products. The United States is currently negotiating with the EU to ensure that the foregoing concerns are adequately addressed.
- WTO and NAFTA Dispute Settlement Proceedings: The United States continues to make vigorous use of the dispute settlement provisions of the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA) to address significant foreign trade barriers.

The United States is addressing the following barriers in the WTO:

EU/Bananas—The EU has implemented as part of its single market exercise a banana import regime that discriminates against U.S. banana marketing firms in favor of EU firms. Moreover, in April 1994, the EU reached agreement with four Latin American banana exporting countries on a Framework Agreement on Bananas that