

No progress in trade talks as sanctions deadline nears

By DIRK BEVERIDGE
AP Business Writer

GENEVA — With a deadline for harsh U.S. trade sanctions just five days away, American and Japanese negotiators are no closer to resolving their bitter dispute over auto sales as another round of talks begins today.

After their first day of last-ditch negotiations on Wednesday, the two sides reported no progress and would say only that they will keep trying today.

Washington wants to open the Japanese auto market to more competition. But Tokyo accuses the United States of violating global trade rules with its threatened 100 percent tax on 13 Japanese luxury cars — the toughest sanctions in U.S. history. The vehicles had sales of \$5.9 billion in the United States last year.

The tariffs would virtually make it impossible to sell these cars made by Toyota, Honda, Nissan and Mazda. An automobile now selling for \$55,000 would cost well over \$80,000.

Both sides said they hoped to avoid a trade war, and Japan has said it has no immediate plans to retaliate against the United States if the auto tariffs are imposed. The deadline is Wednesday.

After the first round of talks, U.S. negotiator Ira Shapiro told a news conference he found "no basis for optimism or pessimism." Another U.S. official said the U.S. side offered no new suggestions Thursday but merely restated its position.

"My frank impression is that the positions of Japan and the United States are still wide apart," said Atsushi Ohi, a senior Japanese trade ministry official.

But Ohi played down suggestions that Japan could cave in at the last minute, as it has in previous trade disputes.

We are not taking the position of

cause there is a threat," Ohi told reporters.

The sale of Japanese automobiles and auto parts accounted for more than half of the record \$66 billion U.S. trade deficit with Japan last year. To close that gap, Washington has three main demands for opening Japan's auto market.

The United States wants to increase the number of dealerships selling U.S. cars in Japan. It also wants Japanese companies to buy more spare parts from the United States, and it wants deregulation of the Japanese car parts market to give foreign companies a better chance to compete.

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