

INTERVIEW-Canadian trade minister expects EU trade pact this year

NEW YORK, March 13 (Reuters) - Canada hopes to sign a long-delayed free trade deal with the European Union this year, though some key disagreements remain which could further postpone it, Canadian Trade Minister Ed Fast said in an interview in New York on Wednesday.

Fast and his EU counterpart Karel De Gucht met last month to try to iron out differences over agricultural exports, intellectual property and public procurement that have so far kept officials from signing a deal.

But they failed to sign an agreement that Canada says would help diversify Canadian trade away from the United States and boost trade with Europe.

"It is a very small handful of issues that are difficult," Fast told Reuters. "We are trying to identify some creative ways in bridging the gaps between our positions."

He declined to say which issues were causing the delay.

The United States currently takes 75 percent of all Canadian exports, and the EU just over 10 percent. Under an FTA, Canada-EU trade could increase by 20 percent, Canada has said.

FTA talks started in 2009 and were initially expected to conclude by the end of 2011, a date that was pushed back to the end of 2012. Even now, Fast said he will not be pushed by arbitrary deadlines while disagreements remain.

"Understand that it is the quality of the agreement and not a particular calendar date," Fast said. "It has to be in Canada's long term trade

interests, otherwise we won't sign a deal."

Canadian meat producers want an end to high EU import tariffs they say have effectively shut Canada out of a European market that consumes 8 million tonnes of beef products a year.

The Europeans want Canada to extend patent protection for major pharmaceutical companies, accept more EU dairy products and open up internal procurement markets.

The Canada Europe Roundtable for Business trade lobby last month urged negotiators to wrap up a deal soon, noting any agreement would have to be voted on by the European Parliament, which is due to hold elections in April 2014.

If legislators do not deal with the treaty in time, it would be handled by the next Parliament, meaning ratification could be delayed by 18 months, the group said.

Adding to the pressure on Ottawa, the United States and the EU could begin their own free-trade talks by June, U.S. President Barack Obama said this month. The negotiations with Canada, if not completed, could become a lower priority at that point.