



Zero-Tariff Trade Between the U.S. and the U.K? Canadian Gold Stocks Could Rally

Description

If you've been following world news, you may have read that the U.S. may be prepared to offer the U.K. a zero-tariff trade agreement to help get the post-Brexit economy off to a flying start.

This comes at a time when the U.S. is mulling over additional tariffs for Canada and placing new ones on China. While some commentators can see only the negative implications of this, the truth is that there might in fact be opportunities for domestic investors.

From [snapping up gold shares](#) to treating Anglo-Canadian stocks as a “backdoor NAFTA” to benefit from potential tariff-free trade between the U.K. and the U.S., here are a few ways in which you could cash in long-term as an investor in the TSX.

Special relationship 2.0

The U.S. and the U.K. already have a strong and healthy trade system, with exports and imports matching each other almost tit-for-tat at US\$4 billion to US\$5 billion a month. However, far from being likely to decline after Brexit, trade between the U.S. and a newly non-E.U. Britain will most likely increase to unprecedented levels as that special relationship is deepened and expanded.

What this means for Canadian investors is that a surging U.K. is likely to have more of an appetite for our metals and minerals, notably gold, nickel, cobalt, and lithium. While the U.S. may be keen to sell these to the U.K. themselves without tariffs, demand across the pond may actually outstrip American supplies. And even if this turns out not to be the case, bear in mind that Canada may be able to negotiate its own trade sweeteners with the U.K. once the E.U. is out of the picture.

Looking for Anglo-Canadian stocks? Go for the gold!

Canada's biggest export to the U.K. is gold. **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) is a particularly good choice if you want to get in on the pan-Atlantic action, as it just made a potentially very lucrative new agreement to work more closely with its Chinese partner, **Shandong Gold Group**.

What's interesting about the U.K. and gold is that while American gold exports to China nosedived by 25% from January to April this year, the U.K. *doubled* its acquisition of U.S. gold. This a serious amount of precious metal, totaling almost the entirety of domestic American mining output. It also indicates that there may be more than enough British demand for the yellow stuff in years to come.

The upshot is that Canadian gold miners may well see a freshly divorced Britain hungry for their trade, even if U.S. gold becomes cheaper following an application of zero percent tariffs.

The bottom line

While one idea might be to look at buying stocks on the LSE, it's possible to benefit from a surging U.K. economy boosted by tariff-free U.S. trade right here at home. While gold and other materials are an obvious choice, the TSX boasts a wealth of stocks that could be boosted by trade with a strengthened British economy.

Will the U.S. offer the U.K. zero-tariff trade? It could happen, especially if the U.S. goes ahead with rumoured plans to leave NATO – something the British might need a little sweetening over. Either way, [Canadian minerals and precious metals](#) could prove to be popular in a surging U.K. market if there's enough demand.

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