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THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1958 AND INTERNATIONAL INVESTMENT POSITION

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THE CANADIAN BALANCE

OF

INTERNATIONAL PAYMENTS, 1958

Summary

Canada retained an unusually large current account deficit in 1958, even though there was a sharp contraction in the size of the import balance on merchandise account. Net payments for all goods and service transactions with other countries amounted to $1,085 million for 1958 compared with a peak imbalance of $1,424 million in 1957. The current deficit remained large as there were net payments of $915 million for non-merchandise transactions, a rise of $70 million over 1957 along with the reduced import balance on merchandise account of $170 million which compares with $579 million in 1957 and $728 million in 1956.

The large excess of current expenditures abroad over receipts in 1958 was again financed by heavy inflows of capital for long-term investment. Although less than in the previous year these continued high in comparison with private international capital flows in other parts of the world. More of the inflows of capital were into bonds issued by public bodies than formerly and somewhat less into direct investment in foreign-controlled subsidiaries and other equity forms, although the latter types of business financing were again large and made up over one-half of the rise in the value of non-resident investment in the year when earnings retained in Canada are included.

Total investment in Canada was again in 1958 at a very high level, although less in total than in the previous year. The amount in business forms including industrial equipment was down significantly, but investment was higher in construction for housing and other forms of social capital. Large amounts of Canadian savings continued to be absorbed in housing and investment in bonds while large parts of corporate savings in Canada, of course, accrue to non-residents. Over-all non-resident capital supplemented Canadian savings in financing both business and social capital in the generally high ratios characteristic of the past few years, although these were slightly less than in 1957.

STATEMENT 1. Summary of the Balance of Payments between Canada and All Countries, 1953 - 1958

Account	1953	1954	1955	1956	1957	1958	Change in 1958
	millions of dollars						
Merchandise exports (adjusted)	4,152	3,929	4,332	4,837	4,909	4,890	- 19
Merchandise imports (adjusted)	4,210	3,916	4,543	5,565	5,488	5,060	-428
Balance on merchandise trade	- 58	+ 13	- 211	- 728	- 579	- 170	+409
Other current receipts	1,339	1,307	1,518	1,784	1,621	1,533	- 88
Other current payments	1,724	1,752	2,005	2,422	2,466	2,448	- 18
Balance on non-merchandise transactions	- 385	- 445	- 487	- 638	- 845	- 915	- 70
Current account balance	**- 443**	**- 432**	**- 698**	**-1,366**	**-1,424**	**-1,085**	**+339**
Direct investment in Canada	+ 426	+ 392	+ 417	+ 583	+ 514	+ 450	- 64
Net new issues of Canadian securities	+ 189	+ 128	- 18	+ 526	+ 665	+ 539	-126
Net trade in outstanding Canadian securities	- 31	+ 63	- 27	+ 199	+ 92	+ 84	- 8
All other capital movements	- 141	- 151	+ 326	+ 58	+ 153	+ 12	-141
Net capital movement	**+ 443**	**+ 432**	**+ 698**	**+1,366**	**+1,424**	**+1,085**	**-339**

Note: Mutual Aid to NATO countries is not included in either current receipts or payments.

One effect of the large excess of Canadian current expenditures over receipts abroad and the accompanying financing of this current imbalance by using non-resident sources of capital on a large scale, was the growth in Canada's international indebtedness. This was to raise sharply the total of non-resident long-term investments in Canada to $19.1 billion from $17.5 billion in 1957, and the balance of indebtedness from $11.9 billion to $13.5 billion. The latter figure, the amount by which Canada's external liabilities exceed foreign assets, is now greater than Canada's gross liabilities as recently as 1953.

Statistics of foreign investments in Canada and Canada's debtor position in this report reveal a very rapid rise in these measures of indebtedness in recent years. In relation to earlier periods of corresponding growth in the Canadian economy the inflows of capital and increases in indebtedness have been very great. But, on the other hand, Canada's production has also risen even more and Canada has been relatively less dependent upon foreign resources than in other periods of expansion in earlier decades. But the consequences of the changes for the balance of payments are relatively pronounced. Even though Canadian production has risen greatly during the past decade there remains an import balance on commodity account. Meanwhile the existence of such a large balance of indebtedness and the high levels of prosperity have given rise to a large current deficit from payments for interest and dividends and services. It would take an export balance on merchandise account of unprecedented peace time size to offset this deficit on non-merchandise account, in contrast to the import balances characteristic of the last few years.

Canada's contribution to Mutual Aid to NATO countries amounted to $142 million in 1958. These contributions include shipments of equipment and supplies and the provision of training for European air crews, and being unilateral, do not affect the net current account balance. Credit entries representing the provision of goods and services are offset by corresponding payment entries representing the contributions.

Continued High Level of Current Deficits

The great expansion which has occurred in the Canadian economy in the past decade has, of course, inevitably had many effects upon the Canadian balance of payments. Some of these have been clearly showing themselves over an extended period of years, while other effects have become prominent only more recently. There are other effects which may be eventually important which are not yet fully discernible. Some effects have been from the changing pressures of demand associated with different stages in expansion while other effects have been more permanent with changing consequences for the structure of the economy and the balance of payments. The former are among the shorter-term effects which have been responsible for wide shifts from year to year, particularly in merchandise trade with resulting fluctuations in the merchandise balance.

The substantial changes in Canadian imports in recent years have been the biggest influence on the changing merchandise balance and have reflected changing pressures of demand. During the period of maximum expansion imports of commodities were subject to unusually strong pressures of demand. These were greatest in the case of materials and machinery and equipment directly required in Canadian investment projects, particularly in investment by business firms. The pressures were at a peak in parts of the years 1956 and 1957 and were followed by the substantial decline in imports and import balance which occurred in 1958 when pressures related to business investment receded.

At the same time Canadian capacity to produce many imported commodities has been built up during the years of expansion as well as the capacity of export industries. The extent to which new productive capacity has displaced imports is, however, difficult to measure in periods of rapidly changing demands. But the fact that imports remained as high as they did in 1958 suggests an underlying growth in them less subject to short-term fluctuations.

The growing diversification of Canadian commodity exports has been one of the earlier long-run effects to be revealed. Many new products have entered into Canadian exports while the volume of other export staples has been greatly augmented by rising capacity. The entire capacity, however, has not yet been fully employed because of the reduced demands for some exports in 1957-58. Exports, too, normally show short-run fluctuations but offsetting changes in different directions, described in the notes on merchandise trade, have tended to moderate fluctuations in exports in recent years.

Among the effects of Canadian expansion which have more recently been showing themselves is the rise in the amount of income on foreign investments in Canada remitted to other countries. Some parts of these payments are, of course, more variable than others and year to year changes have not all been in an upward direction. There has, however, been a general growth in payments to non-residents of both interest and dividends. The recent growth in interest payments directly reflects on a deferred basis the heavy Canadian borrowing abroad through sales of new issues of bonds, and much of the general growth over the years in dividends paid to non-residents also can be attributed to new investments by non-residents in Canadian stocks and in direct investments in subsidiaries. But many of the new investments of non-resident capital have not yet led to large remittances of earnings from Canada.

Another reflection of the large volume of new investment in Canadian industry, particularly in the form of direct non-resident investment, have been the enlarged payments to non-residents for some kinds of business services. Among these which have grown rapidly have been payments to head offices and affiliated companies. Some of such payments arise out of the services required in connection with new investments whereas others result from the payments to parent companies connected with the operations of new direct investments.

Other effects of the balance of payments arise from the substantial rises in population and personal incomes which have come about. These played their part in maintaining Canadian expenditures abroad on many goods and services related to consumption even during the recent recession. The decline in many categories of imports in 1958 was moderate and in the case of some there continued to be rises, although at a reduced rate, as for example occurred in Canadian travel expenditures abroad.

Effects of Growth on Deficit from Non-Merchandise Transactions

A highly important result of recent changes in the Canadian balance of payments has been the continued growth in the large current deficit from non-merchandise transactions between Canada and other countries. In 1958 payments for these transactions exceeded receipts from the same group by $915 million, a growth of $70 million over 1957 and $277 million greater than in 1956. This deficit has risen each year without interruption since 1952 following a less regular rise before then. In 1949 the deficit from the same group of transactions was $116 million. An analysis of this eight-fold increase in the deficit is presented in statement 7A showing the changing sources of the deficit.

The wide distribution of the origins of the increased deficit is clearly shown both as regards the nature of the transactions and their geographic distribution. Contributing to the larger deficit were six of the seven separate groups of transactions shown. These were travel expenditures, transfers of interest and dividends, freight and shipping, inheritances and migrants' funds, official contributions, and other current transactions including individual components of the latter, and in most cases the growth in deficit has been substantial. Only in one case was the change in the opposite direction; namely, gold production available for export, and this change was relatively small.

A little more than one-half of the deficit originated in transactions with overseas countries which had showed a change from a surplus of $107 million in 1949 to a deficit of $309 million in 1958, a net rise of $416 million. With the United States there was a rise in deficit from $223 million to $606 million, or an increase of $383 million. In the accounts, both with the United States and with overseas countries an enlargement in the deficit shows up consistently with the single exception of gold production already noted. The same is generally true with the countries or groups of countries making up the overseas countries total. With the United Kingdom there was a change of a current surplus of $45 million to a deficit of $122 million with each account moving in this direction with the exception of interest and dividends which in 1958 included interest received from the United Kingdom on the post-war loan. With the Rest of the Sterling Area the change was from a surplus of $22 million in 1949 to a deficit of $22 million when official contributions to the Colombo Plan countries are included in 1958. With the other OEEC countries the change has been even greater, a surplus of $18 million in 1949 changing to a deficit of $175 million in 1958. In this case every account contributed significantly to the change, although almost one-third of the change arose from Canadian military expenditures in the NATO countries on the Continent in the recent year. It should be pointed out, however, that this change does not include the substantial amount of Mutual Aid to these countries since 1949 which has mainly taken the form of shipments of equipment. In the case of all other countries a small surplus appears in both years, but this was only $10 million in 1958 compared with $22 million in 1949 and again the changes were distributed among items.

The reasons for such widespread changes in the direction and impact in this group of transactions are no doubt numerous and in many cases unrelated to one another. There does, however, seem to be a common origin of many cases in the rapid growth of Canada in the decade and in the widening commercial, investment and personal relationships which have accompanied this.

The sharp rise in Canadian indebtedness to other countries, of course, is closely related to the rapid growth of Canada, and cannot be entirely disassociated. This sharp rise has, however, directly contributed significant amounts to the rising level of net current payments, particularly in the case of interest and dividends and some business services. And some of the effects of this will likely become more accentuated in the future as earnings on foreign capital invested in Canada rise when new projects mature. The rise in net liabilities to other countries has been from $3.8 million in 1949 to $13.5 million in 1958; whereas net payments of interest and dividends in the same period have risen from $307 million to $420 million.

Rising personal incomes of Canadians have opened up more opportunities for spending on non-resident services, and remittances have risen with a changing population many of whom have family origins outside of Canada. Great changes have occurred also during the decade in the ability of overseas nations to provide services and this applies especially in such fields as travel and transportation. And the commitments for defence which Canada has taken on have also contributed to the growth in expenditures overseas.

The expansion in trade and relations with overseas countries, of course, partly reflects alteration in the economic position in Europe since 1949. As recovery progressed there the ability of that part of the world to provide goods and services improved and in some areas of activity such as shipping increased difficulties for Canadian operators have led to the withdrawal of Canadian services.

The marked tendency for net payments of interest and dividends to lag behind the sharp rise of net Canadian indebtedness to other countries has already been noted. This lag is a feature of the current account with the United States particularly, and helps explain why the net payments of interest and dividends to the United States have not risen more than the sharp rise in indebtedness to that country would suggest.

Various background factors affect the comparison between 1949 and 1958. For instance it should be borne in mind that in 1949 some Canadian restrictions still existed on external expenditures, mainly relating to expenditures involving United States currency. On the other hand expenditures by the United States on defence installations in Canada continued to be of significance in 1958 and were a notable factor in offsetting a part of the larger

deficit from growing Canadian expenditures in the United States on many types of services.

Seasonal Factors in the Current Account

In the current account there are some seasonal factors which work towards influencing the shape of the accounts in the different quarters of the year. These are more discernible in some items than in others with some patterns which usually recur in a few items with some regularity. In contrast other items fluctuate more erratically and changes in them are dominated by special circumstances of a non-recurring character, or by other non-seasonal influences. The quarterly balances on current account consequently usually show the effects of a variety of influences, and seasonal patterns in that series are less clearly outlined than in some individual items.

The broad features of the pattern which have emerged in recent years are for the current deficits from all transactions to be outstandingly large in the first two quarters of the year and smallest in the third quarter with a tendency also for a substantial deficit in each fourth quarter. The relative size of the latter deficit has been much influenced by the strength of underlying pressures in the period as well as seasonal factors and in some years the largest deficit has occurred in the fourth quarter.

A major contributing factor is the seasonal distribution of Canada's merchandise trade. In each of the first two quarters of the year relatively more of the year's imports normally occur than is the case with exports. Consequently in a period such as the past four years when the value of merchandise imports is well in excess of the value of exports, these tendencies have created import balances of considerable size in each of the first two quarters of the year. In contrast in the third and fourth quarters there are tendencies for more concentrations of exports, while imports are more evenly distributed in these quarters. Thus export balances or smaller import balances are more likely to occur in the last half of the year, depending, of course, upon the relative sizes of exports and imports In the case of exports in the third quarter the tendency for a higher level than average is a development of recent years, with the changing composition of export trade. Likewise in recent years the concentration of exports in the final quarter has been less pronounced than was generally the case earlier. Among changes in exports influencing this altering pattern have been the rise of new and growing commodities like uranium which have shown little or no seasonal configuration, and the fluctuations in iron ore which are heavily concentrated between May and November when transportation is most satisfactory. Meanwhile the movement of wheat has been relatively less important, with less tendency to be heaviest in the final quarter.

Along with the above tendencies in merchandise trade there is the pattern of the balance from non-merchandise transactions as a group, apart from a variable item like official contributions. In two of the last three years and in some earlier years as well, the largest deficit from these transactions has occurred in the fourth quarter and throughout the post-war years with a minor exception the smallest deficit has been in the third quarter, with surpluses in this period in the early post-war years. Deficits have also occurred in the first and second quarters throughout the post-war period with only one exception, but the relative size of these has not been consistent. In 1958 the second largest deficit occurred in the second quarter, but in 1956 the second largest was in the first quarter and in 1955 and in 1957 the fourth quarter occupied this position.

The above pattern has been the result of a great variety of circumstances affecting the diversity of transactions covered. But prominent among the reasons for this result are the sharp quarterly variations in the balance from travel expenditures and size of the deficit on income account.

In the case of the travel account there has been a surplus of diminishing size in the third quarter, with actually a small deficit in the September quarter 1958, contrasting with substantial and growing deficits in each other quarter. These trends have been affected particularly by the continual rise in Canadian expenditures abroad. Prior to the removal of restrictions which existed on Canadian travel expenditures in the earlier post-war years, the pattern was, of course, quite different.

On income account the outstanding feature of the balances is the substantial and growing size of the consistent deficits. There is a considerable variation in the deficits from one quarter to another and this often has significant effects upon the current account balances. While there is regularity in many payments such as in the case of bond interest and of dividend payments by public companies, the recurring quarterly patterns of these are usually overshadowed by the irregularity of the large volume of dividend transfers by wholly-owned subsidiaries. As a result there is no well established configuration in the balance of payments on income account that can be isolated as a clear seasonal pattern. Even the occurrence of the largest deficit in the fourth quarter of many years has been affected by some special administrative influences referred to below. It should be noted that the seasonal elements in the more regular groups of payments are obscured by the irregular effects of sharply rising interest payments resulting from the heavy sales of new issues of Canadian bonds abroad in recent years. The growth in non-resident holdings of Canadian stocks has also acted to blur the quarterly pattern of public company dividends.

The most irregular quarterly element in the income account has usually been the wide variations in dividend transfers between related companies. These transfers may be made for a variety of corporate reasons which change from time to time and are as much related to internal decisions as to the level of earnings. Also of major importance in affecting transfers in the earlier post-war years were administrative changes in exchange control policies affecting the remittance of earnings.

Another important administrative influence on receipts and consequently the balance of payments has been the irregularity in payment of interest which Canada receives on some government loans. This contributed substantially to the large deficits in the fourth quarters of 1956 and 1957.

Freight and shipping transactions is an item which shows some distinct seasonal pattern in some of its component items. Many of these transactions are closely related to the seasonal pattern of international commodity movements. But the transportation of some commodities is a more important item than is that of some other commodities affecting the balance of payments. Particularly important is the transport involved in the movement of some bulk commodities in and out of Canada like iron ore, petroleum, coal and grain. On some of these the season of navigation is a determining influence. At the same time there are other freight and shipping items which are not as directly influenced by the seasons like payments for time charters. On balance the freight and shipping item has generally shown a tendency for larger deficits in the second and third quarters but these normally have not been large enough to have dominant effects upon the size or shape of overall current account balances.

Other items in the current account do not show clearly identifiable patterns which can be attributed to the seasons. The item covering inheritances and migrants' funds gives rise to balances of irregular size and direction and the item of gold production available for export has been frequently affected to a major extent by administrative influences. Miscellaneous current transactions as a group have led to deficits each quarter and the trend has been generally upward. The quarterly amounts, however, have not shown any discernible seasonal pattern. One reason is that a few large non-recurring transactions have influenced the quarterly balances from time to time. And the quarterly distribution of some substantial groups of business and personal services is arbitrary when data on these is only available on an annual basis.

Quarterly Developments

The broad trends during the year of uncertain business conditions, however, with evidences of firming tendencies particularly by the last quarter, are reflected in the quarterly statements. The current account deficits, which declined through the second half of 1957 and the first half of 1958, after allowance for seasonal factors, increased in the third and fourth quarters of the year, as a result of larger gains in the imports of goods and services, and particularly in merchandise imports. By the third quarter of 1958 the current deficit was close to the level of the same quarter of the previous year and in the fourth quarter it was considerably higher than in 1957.

This development was associated with the developing strength in domestic demands, related in particular to consumer purchases and to investment in business inventories. The major part of the increase in consumer expenditures took place in the first quarter, and in particular, in the fourth quarter; while a heavy liquidation in business inventories during the first half of 1958 reversed itself to a position of a small net accumulation in the second half. Further, the declines in the outlays for new plant and equipment showed signs of moderation during the last three quarters of 1958, with the expenditure for machinery and equipment rising sharply in the fourth quarter to offset the deepening decline in the outlays for non-residential construction.

The downward trend in merchandise imports during 1957 levelled off during the first three quarters of 1958, and was followed by a sharp gain in the last quarter. Merchandise exports, on the other hand, did not show as clear a trend. On a seasonally adjusted basis, commodity exports were below the annual level during the first and third quarters and higher in the second and fourth quarters. In an analysis of merchandise imports by end-use, consumer goods was the only group which increased in 1958; and within the year, the totals for the third and fourth quarters were larger than those for the first two quarters. The imports of fuels and lubricants, industrial materials and investment goods all recorded fairly sizable losses between 1957 and 1958; but the imports of the second group of commodities rose during the year After being steady for the first three quarters, machinery imports showed a small upturn in the final quarter.

A fairly steady quarter-to-quarter rise in the deficit from all other current transactions during 1956 and 1957 was extended to 1958. But with a slackening in the rate of increase the trend in 1958 was less pronounced. While there was some net increase in each quarter over the same quarter of the preceding year, the greatest change occurred in the third quarter, a period when the deficit from "invisible transactions" is generally moderated by a surplus on travel account. Instead there was a small deficit on travel account in that period of 1958 in addition to larger deficits from several other accounts.

While the deficit from non-merchandise transactions was higher in 1958 than in the preceding year, the rate of increase slackened noticeably. Increases in expenditure on travel and other current payments together with a decline in tourist receipts and a sharper decline in immigrants' than in emigrants' funds and inheritances contributed to increasing the deficit, while a larger amount of gold production available for export, an increased receipt of interest and dividends with the resumption by the United Kingdom of interest payments, and a sharper fall in freight payments, which accompanied a lower level of merchandise imports, worked for a reduction in the deficit.

The tendency to moderation had the effect of obscuring in 1958 the general pattern of quarter-to-quarter increases in the deficit for the invisible account in evidence during 1956 and 1957. After taking seasonal variations into account, freight, inheritances and migrants' funds and the group "all

STATEMENT 2. Quarterly Current Account Balances between Canada and the Principal Countries and Areas, 1956 - 1958

Country or area	1956				1957				1958			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
	millions of dollars											
United States	-414	-531	-259	-435	-477	-569	-215	-307	-296	-384	-148	-306
United Kingdom	+ 63	+ 34	+ 69	+ 86	+ 23	+ 28	+ 52	+ 35	+ 4	+ 24	+ 16	+ 64
Other sterling area	+ 16	+ 19	+ 2	+ 11	+ 12	- 6	- 12	+ 15	+ 38	+ 10	+ 5	+ 12
Other countries[1]	- 35	+ 42	- 28	- 6	+ 18	+ 1	- 26	+ 4	- 13	+ 27	- 71	- 67
All countries	**-370**	**-436**	**-216**	**-344**	**-424**	**-546**	**-201**	**-253**	**-267**	**-323**	**-198**	**-297**

[1] Includes other OEEC countries.

other current transactions" were characterized by mixed trends in the negative balances during 1958, and only the accounts covering income and travel showed a semblance of a regular rise during the year. Reductions in expenditure by the United States Government on defence installations in Canada and substantial non-recurring payments on government account in the first half of the year contributed to the irregularity in the deficit for "all other current transactions". The individual components, however, combined to form a peak in the deficit from invisible transactions in the third quarter.

Movements into Canada of capital in the long-term forms shown separately in quarterly estimates of the balance of payments were as usual more heavily concentrated in the latter part of the year than the current account deficit. During the first quarter of the year, when 25 per cent of the current deficit was incurred, some 20 per cent of the long-term capital movements identifiable quarterly were received, sufficient to finance 83 per cent of it compared with 73 per cent in the preceding quarter. In the second quarter the current account deficit rose, but capital inflows in long-term forms, particularly sales to non-residents of new issues of Canadian securities, rose even more sharply, and amounted to 105 per cent of the deficit for the quarter. The second quarter saw 31 per cent of the capital movement in long-term forms and 30 per cent of the current account deficit. During the third quarter the current account deficit contracted under seasonal influences, while capital inflows in long-term forms fell less, being equivalent to 118 per cent of the current account deficit; 22 per cent of these inflows during the year were received in the quarter while 18 per cent of the current account deficit was incurred. In the final quarter of 1958, when the current account deficit was again rising, capital inflows in long-term forms also rose although less rapidly; 27 per cent of both the capital movement and the current account deficit for the year occurred. In both the fourth quarter and the year as a whole, the capital movement identifiable quarterly in long-term forms equalled the current account deficit. When account is also taken of the other inflows in long-term forms the total for the year exceeded by 8 per cent the current account deficit.

The exchange value of the Canadian dollar varied over the year reflecting market prices. The price of the United States dollar in Canada fell from 98.41 cents at the end of 1957 to 96.44 cents at the end of 1958. It moved through a high of 99.16 cents in January and a low of 95.75 cents in June, a trading range of 3.41 cents which was narrower than for any year since 1954. In general the United States dollar tended to decline over the first half of the year. The average noon rates from February to July were each lower than for the preceding month. In the third quarter the United States dollar strengthened, but during the final quarter of the year this tendency was reversed, although the noon average for the quarter as a whole was somewhat higher. The noon average of 97.06 cents for the year as a whole compared with 95.88 cents in 1957.

STATEMENT 3. Foreign Exchange Rates: U.S. Dollar in Canada, 1957 and 1958

Quotations reported on transactions between banks in the exchange market

Source: Bank of Canada

Quarter	1957			1958		
	High	Low	Noon average	High	Low	Noon average
	Canadian cents per unit					
I	96.34	95.50	95.84	99.16	97.44	98.11
II	96.22	95.22	95.62	97.41	95.75	96.64
III	96.56	94.22	95.25	98.28	95.84	96.70
IV	98.62	95.69	96.82	97.59	96.31	96.79
Year	**98.62**	**94.22**	**95.88**	**99.16**	**95.75**	**97.06**

Closing Quotations: 1957, 98.40625: 1958, 96.4375.

Bilateral Changes

The bilateral pattern of the Canadian balance of payments used to have fairly distinct features which remained characteristic over a long period of years. This persistent pattern was one of large current account surpluses with overseas countries from both merchandise and other transactions which were traditionally used to settle current deficits with the United States from merchandise and other transactions. For some years now the current surpluses with overseas have been much less than formerly at a time when the current deficits with the United States have been at unprecedentedly high levels. The current surplus from transactions with overseas countries have been less than formerly due to smaller surpluses on merchandise account and growing deficits from all other current transactions.

This changing pattern continued in 1958 as the current account surplus with overseas countries declined from $144 million in the previous year to $49 million, the lowest level in the post-war period. This was the result of the dual effects of reduced current receipts and increased current payments during the year. The reduced current receipts were in non-merchandise transactions while the gain in payments was both for imports and for non-merchandise transactions.

The groups of countries affected in these changes in transactions with Canada have been numerous. In comparison with 1949, Canada's current credit balances in 1958 were substantially lower individually with the United Kingdom and the Rest of the Sterling Area and OEEC countries, and with all other countries there was a substantial deficit from all current transactions compared with a small surplus in 1949.

Merchandise exports to overseas countries have been unusually stable during the three years 1956 to 1958, and in ten years since 1949 have grown less than merchandise exports to the United States. Imports from overseas rose slightly in 1958 and have doubled in ten years, a somewhat greater proportionate rise than has occurred in imports from the United States in the same decade.

While receipts from non-merchandise transactions with overseas countries fell in 1958 there has been a comparatively moderate rise in the decade. But payments for this group of items with overseas have been rising consistently each year, and in 1958 were three times the level for 1949, a much faster rate of increase than with the United States.

In this period the balance on non-merchandise transactions with overseas countries shifted from a surplus to a deficit, or a net change of over $400 million in increased net payments — a little more in absolute size that the rise in the deficit with the United States from the same group of transactions. Contributing to the rising deficit with overseas countries have been higher payments on most accounts including travel, transportation, interest and dividends, military expenditures, personal remittances, official contributions, and business services. Growing contacts between Canada and the United Kingdom and Western Europe, particularly in the spheres of personal and business relationships and defence, have all contributed to this rising level of Canadian payments. It should be noted that the above analysis and the statistics in statements 4A and 7A do not include Canadian Mutual Aid to NATO countries in the form of military equipment and supplies shipped to these countries or the provision of air training. This aid not included above has fluctuated from a peak of $284 million in 1954 to $142 million in 1958.

The emergence of such a large deficit from non-merchandise transactions with overseas meant that in 1958 this offset most of the credit balance which Canada had from export trade with the overseas world. Consequently, the large current deficit with the United States had to be almost entirely financed by inflows of capital.

STATEMENT 4. Summary of Current Account Balances between Canada and the Principal Countries and Areas, 1948 - 1958

Country or area	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	Change in 1958
	millions of dollars											
United States	-393	-601	-400	-951	-849	-904	-807	-1,035	-1,639	-1,568	-1,134	+434
United Kingdom	+486	+446	+ 24	+223	+388	+133	+229	+ 330	+ 252	+ 138	+ 108	- 30
Other sterling area	+129	+135	- 23	- 24	+114	+ 83	+ 44	+ 60	+ 48	+ 9	+ 65	+ 56
Other OEEC countries	+226	+185	+108	+223	+332	+173	+ 93	+ 24	+ 17	+ 58	+ 46	- 12
Overseas territories[1]										- 37	- 33	+ 4
Other countries	+ 3	+ 12	- 43	+ 12	+179	+ 72	+ 9	- 77	- 44	- 24	- 137	-113
All countries	**+451**	**+177**	**-334**	**-517**	**+164**	**-443**	**-432**	**- 698**	**-1,366**	**-1,424**	**-1,085**	**+339**

[1] Overseas territories of other OEEC countries.

The current deficit with the United States at $1,134 million remained exceptionally high being only exceeded by the peaks of $1,568 million in 1957 and $1,639 million in 1956. The change in 1958 from the previous year was almost entirely in the merchandise balance which fell from $947 million to $528 million. This was mainly the result of the sharp contraction in imports of merchandise as exports to the United States were only slightly less. The chief impact on imports of the reduced Canadian demands in 1958 was in commodities for which the United States is a leading source of supply like steel, pipe, and machinery. In the case of exports the total was generally maintained by a variety of offsetting changes in commodities sold to the United States. New commodities like uranium and gas, and others like cattle and farm implements, for which demands were unusually strong, mainly offset numerous declines in important minerals and forest products of which examples are provided by petroleum, iron ore, nickel and newsprint. On non-merchandise account with the United States there was a somewhat larger reduction in payments than in receipts. The deficit from these transactions remained much larger than in any year before 1957.

In the case of Canada's account with the United Kingdom the current surplus was reduced from $138 million in 1957 to $108 million in 1958. This was due to an increase in net payments for non-merchandise transactions from $91 million to $122 million as the export balance on commodity account was virtually unchanged at $230 million when adjusted for balance of payments purposes, with both exports and imports at a higher level. One of the main sources of this change was a sharp contraction in transfers of immigrants' funds to Canada and larger payments for travel and some non-recurring government payments. But in the opposite direction were receipts of interest from the United Kingdom on the post-war loan of $23 million. (Some comments on changes in merchandise trade with the United Kingdom and other overseas countries appear in the notes on merchandise trade).

With the Rest of the Sterling Area the current surplus went up from $9 million to $65 million as government financed exports of wheat to India expanded shipments while imports from the area were lower. Non-merchandise transactions led to a deficit as larger official contributions under the Colombo Plan offset smaller net receipts from other transactions.

The current surplus with OEEC countries was reduced from $21 million to $13 million in 1958. A larger export balance of $188 million was mainly offset by expanded net payments of $175 million for non-merchandise transactions.

With all other countries the most outstanding change in 1958 was a sharp expansion in the import balance on merchandise account as exports fell and imports rose.

The net inflow of capital in all forms from the United States in 1958 is estimated at $874 million, compared with $1,037 million in 1957. In the most recent year it served to finance 77 per cent of the current deficit with the United States and 81 per cent of the smaller net deficit with all countries. These proportions were larger than in 1957 when 66 per cent of the deficit with the United States and 73 per cent of the deficit with all countries were covered by net capital movements from the United States. The proportion of the deficit with the United States so covered has risen year by year since 1953 when it was only 27 per cent. The portion of the current account deficit with the United States not covered by net capital movements from that country fell from $531 million in 1957 to $260 million in 1958. In the post-war years it has ranged between $133 million in 1950 and $1,007 million in 1952.

For the first time in the post-war period overseas non-sterling area countries taken as a group were not a source for the financing of the net deficiency in Canada's accounts with the United States. The current account deficit with these countries rose sharply from $3 million in 1957 to $124 million in 1958, and there was at the same time a contraction in the net capital import from these countries from $159 million to $44 million. Thus, whereas transactions with these countries in 1957 made available $156 million, in 1958 there remained a deficiency of $80 million. The figure for 1958 is in startling contrast with 1952 when transactions with these countries provided $521 million to Canada.

On the other hand transactions with the United Kingdom and other sterling area countries made available, as they have for many years, a substantial amount for settlement of the balances of accounts with other areas. The current account surplus with the sterling area in 1958 was $173 million, and to this must be added the net capital transfers to Canada of $167 million. This total of $340 million was used in the settlement of the balance of Canada's transactions with other countries. Multilateral settlements from the sterling area in the post-war years have ranged between $622 million in 1948 and $14 million in 1950. (It should be pointed out that to some extent the net capital movement with the United States is an effect of the multilateral settlements with other countries, because of the Canadian practice, both official and private, of holding available reserves of exchange in United States funds.)

STATEMENT 4A. Summary of Canada's Current Transactions with the United States and with Overseas Countries, 1949 - 1958

Year	Merchandise exports[1]		Other current receipts[1]		Total current receipts[1]		
	United States	Overseas countries	United States	Overseas countries	United States	Overseas countries	All countries
	millions of dollars						
1949	1,521	1,468	748	352	2,269	1,820	4,089
1950	2,046	1,093	831	270	2,877	1,363	4,240
1951	2,326	1,624	852	364	3,178	1,988	5,166
1952	2,346	1,993	928	391	3,274	2,384	5,658
1953	2,458	1,694	985	354	3,443	2,048	5,491
1954	2,355	1,574	951	356	3,306	1,930	5,236
1955	2,598	1,734	1,102	416	3,700	2,150	5,850
1956	2,854	1,983	1,161	466	4,015	2,449	6,464
1957	2,931	1,978	1,135	486	4,066	2,464	6,530
1958	2,909	1,981	1,096	437	4,005	2,418	6,423
	Merchandise imports		Other current payments[1]		Total current payments[1]		
	United States	Overseas countries	United States	Overseas countries	United States	Overseas countries	All countries
	millions of dollars						
1949	1,899	797	971	245	2,870	1,042	3,912
1950	2,093	1,036	1,184	261	3,277	1,297	4,574
1951	2,842	1,255	1,287	299	4,129	1,554	5,683
1952	2,817	1,033	1,306	338	4,123	1,371	5,494
1953	3,046	1,164	1,301	423	4,347	1,587	5,934
1954	2,800	1,116	1,313	439	4,113	1,555	5,668
1955	3,283	1,260	1,452	553	4,735	1,813	6,548
1956	4,021	1,544	1,633	632	5,654	2,176	7,830
1957	3,878	1,610	1,756	710	5,634	2,320	7,954
1958	3,437	1,623	1,702	746	5,139	2,369	7,508
	Net balance merchandise trade		Net balance — all other current transactions		Net balance — current account		
	United States	Overseas countries	United States	Overseas countries	United States	Overseas countries	All countries
	millions of dollars						
1949	- 378	+671	-223	+107	- 601	+ 778	+ 177
1950	- 47	+ 57	-353	+ 9	- 400	+ 66	- 334
1951	- 516	+369	-435	+ 65	- 951	+ 434	- 517
1952	- 471	+960	-378	+ 53	- 849	+1,013	+ 164
1953	- 588	+530	-316	- 69	- 904	+ 461	- 443
1954	- 445	+458	-362	- 83	- 807	+ 375	- 432
1955	- 685	+474	-350	-137	-1,035	+ 337	- 698
1956	-1,167	+439	-472	-166	-1,639	+ 273	-1,366
1957	- 947	+368	-621	-224	-1,568	+ 144	-1,424
1958	- 528	+358	-606	-309	-1,134	+ 49	-1,085

[1] Excludes Mutual Aid.

Major Components of the Current Account

Merchandise Trade

The imbalance of merchandise trade has been a major variable in Canada's current deficit in recent years fluctuating from peaks of $728 million and $579 million in 1956 and 1957 respectively to $170 million in 1958. A greater flexibility in imports than in exports evident in these three years has been the main contributor to such wide shifts in balance. Exports have tended to fluctuate irregularly around a total level with, however, some wide swings in the movements of individual commodities.

Imports had risen to a peak in 1956 and early 1957 to be followed by a sharp contraction in the second half of 1957. This declining trend continued in 1958 but by the final quarter the trend was again strongly upward. Changes in annual totals of imports were increases of 16 per cent and 22 per cent in 1955 and 1956 respectively followed by declines of 1 per cent and 8 per cent in 1957 and 1958. Changes in Canadian demands as usual were the primary factor influencing the level of Canadian imports. Declines in imports in 1958 were sharper than in Canadian production as was the case with increases in earlier years.

Only 16 per cent of the current deficit was made up by the merchandise import balance compared with 53 per cent and 41 per cent respectively in 1956 and 1957.

As all merchandise figures used in the balance of payments statements have been adjusted for that purpose they differ from regularly published trade statistics which include some movements of goods which are not relevant for balance of payments purposes and exclude some other transactions belonging to these statements, as described at the end of the notes on this item.

STATEMENT 5. Prices, Physical Volume and Terms of Trade of Domestic Exports and Imports, 1950 - 1958

(1948 = 100)

Year and quarter	Price indexes		Terms of trade	Volume indexes	
	Exports	Imports		Exports	Imports
1950	108.3	110.3	98.2	93.6	109.2
1951	123.0	126.2	97.5	103.5	122.7
1952	121.8	110.4	110.3	114.9	138.0
1953	118.3	109.4	108.1	113.2	151.0
1954	115.1	109.5	105.1	109.6	141.0
1955	117.7	110.5	106.5	118.3	160.3
1956	121.4	113.0	107.4	128.3	190.0
1957	121.3	116.4	104.2	129.8	182.5
1958	120.6	116.5	103.5	130.3	168.3
1957 I	122.2	116.0	105.3	116.8	177.2
II	122.1	116.7	104.6	126.8	200.3
III	121.2	115.7	104.8	137.6	181.8
IV	120.5	117.2	102.8	137.0	170.6
1958 I	121.2	119.0	101.8	114.9	150.9
II	121.0	116.5	103.9	136.2	179.4
III	120.2	115.4	104.2	130.8	162.7
IV	120.9	115.5	104.7	138.0	180.0

Note: Indexes indicate movements in unadjusted trade data.

Imports

While imports in 1958 were lower than the levels during the peak part of the period of maximum business expansion in Canada, they nevertheless remained in exceptionally large volume in comparison with years before 1956. The volume and value in 1958 exceeded figures for 1955 which were the largest reached up to that time.

With many commodities the totals imported in 1958 were not significantly less than in 1957. In a few cases there were increases which were most notable for some types of consumer goods including such diverse items as fruits and passenger cars. Instances of the sharpest declines were chiefly in the groups of commodities which had grown most in the period of greatest business expansion. The best examples of the most flexible items lie in groups containing machinery and equipment and industrial materials used by industry for investment in the establishment and expansion of productive facilities Among these commodities are industrial machinery, rolling mill products, and pipes and tubes. But while imports of each of these groups were significantly lower in 1958 than during peak periods in 1956 and 1957, the levels were still well above 1955 levels. Imports of coal and petroleum products were also lower in 1958 from the values in 1957 with lower prices accounting for appreciable parts of the decline in petroleum.

The most significant change in sources of imports in 1958 was in the total from the United States which accounted for the reduced total from all countries. Declines in imports of investment goods noted above were concentrated in commodities mainly procured in the United States and were the principal reason for the drop in total goods imported from that country. There was also some drop in fuels and industrial materials from the United States, while imports of goods for consumers were better maintained.

In contrast total imports from the United Kingdom and European countries were increased slightly with significant rises in some consumer goods. Among the most notable rises were automobiles from the United Kingdom and Germany and aircraft from the United Kingdom. Imports of many types of machinery from both sources were maintained or increased.

Imports from Japan were also higher and imports of petroleum from the Middle East rose with a switch in purchases from Venezuela and the United States. Imports from the rest of the Commonwealth were less with reduced purchases of some commodities like sugar and rubber.

Declines in imports which became particularly pronounced in the latter part of 1957 continued into 1958 and the lowest point was reached in the summer. But in the latter part of the year a considerable rise occurred and by the end of 1958 imports had regained a good deal of the decline and averaged some 10 per cent below the highest points reached in 1956 and 1957.

STATEMENT 6. Adjustments to Merchandise Trade, 1957 and 1958

Exports	1957	1958	Imports	1957	1958
	millions of dollars			millions of dollars	
Domestic exports in trade returns	4,839.1	4,826.5	Imports in trade returns	5,623.4	5,192.3
Exports of foreign produce	95.3	102.0			
Total exports	**4,934.4**	**4,928.5**			
Adjustments:			Adjustments:		
Tourist exports	- 2.3	- 2.2	Tourist imports	- 77.4	- 78.9
Settlers' effects	- 33.7	- 29.6	Settlers' effects	- 41.8	- 33.1
Private donations	- 1.7	- 2.3	Advertising	- 8.2	- 8.7
Warehousing	+ 5.4	+ 4.4	Warehousing	+ 14.9	+ 9.5
All other adjustments	+ 7.2	- 9.2	All other adjustments	- 22.8	- 20.8
Total adjustments	**- 25.1**	**- 38.9**	**Total adjustments**	**- 135.3**	**- 132.0**
Merchandise exports (adjusted) (Table 1, item A1)	4,909.3	4,889.6	Merchandise imports (adjusted) (Table 1, item B1)	5,488.1	5,060.3

Exports

The increasing diversity of Canadian exports was an important factor acting to maintain the total in 1958 in the face of declining demands abroad and changing competition. The total was generally maintained by strong rises in a few specially situated commodities which were sufficient to offset more general declines in many other commodities. As a result there was only a slightly smaller total of exports in 1958 than in 1957 even though sales abroad in many basic industries were less. The commodities which showed greatest increases included uranium, aircraft, cattle and meat, wheat, natural gas and farm machinery. Among special factors playing a part in some of these situations were new production covered by contracts in the case of uranium and natural gas, credit financing wheat sales to Asia, and contracts for military aircraft exported to Belgium and Germany.

In contrast to these trends there were declines in exports of many major export industries including pulp and paper and most metals and minerals. While new productive capacity has been developed in most of these industries in recent years, this capacity

was not fully employed in 1958. At the same time these exports remained substantial in comparison with levels of some years ago. For example, total exports of forest products exceeded values before 1955 and some of the metals and minerals which had been exported over longer periods also exceeded those earlier levels. And in the case of relatively new commodities in Canada's exports like iron ore and petroleum, the values in 1958, although much less than in 1957, still exceeded those in any year before 1956.

Only relatively small changes occurred in the direction of Canadian exports. Total exports to each of the United Kingdom, Europe, and the Rest of the Sterling Area were higher. The total to the United States was slightly less, while relatively larger drops occurred in exports to Latin America and Japan.

With the United Kingdom there were larger sales of some major commodities which included wheat, barley, canned salmon, and for the first time substantial shipments of uranium. But in the opposite direction there were notable reductions in exports of lumber, iron ore, aluminum, copper and zinc, and oilseed cake and meal.

While some 59 per cent of Canadian exports continued to be shipped to the United States, the total value to that country was slightly less. Very substantial declines occurred in a few commodities of which the best examples are iron ore, nickel, and petroleum. In addition more moderate declines occurred in such major exports as newsprint, asbestos, aluminum, and some other non-ferrous metals. In contrast substantial increases occurred in cattle and meat and farm machinery exported, and in contractual sales of uranium and natural gas. Lumber sales also recovered from the low level of the previous year.

The total exported to OEEC countries was higher because of large shipments of military aircraft to Belgium and Germany which, along with larger movements to the area of non-ferrous metals, offset declines in various other primary commodities. Exports of primary commodities to France and Italy were also down, but larger shipments occurred to the Netherlands, Norway, and Switzerland.

Specially financed shipments of wheat to India and Pakistan played a major part in the rise in exports to the Rest of the Sterling Area. Exports to Commonwealth countries in the West Indies and to New Zealand were less, while there was some increase to Australia and to the Union of South Africa.

In the case of other countries the largest relative drops occurred in exports to Latin America and Japan. With Latin America there had been large non-recurring sales of used ships to Panamanian addresses and shipments of steel products to Mexico in the previous year which reduced totals substantially, although exports of some primary products were higher. A substantial decline also occurred in shipments to Japan. While wheat sales to that country were higher, there were reduced exports of some other primary products and industrial materials.

During 1958 the direction of changes in total exports were mixed. No clear trend was evident as monthly totals fluctuated widely with the diversity of movements in commodities already noted.

STATEMENT 7. Major Components of Canada's Current Account with All Countries, 1951-1958

Account	1951	1952	1953	1954	1955	1956	1957	1958	Change in 1958
	millions of dollars								
Merchandise exports (adjusted)	3,950	4,339	4,152	3,929	4,332	4,837	4,909	4,890	- 19
Merchandise imports (adjusted)	4,097	3,850	4,210	3,916	4,543	5,565	5,488	5,060	-428
Balance on merchandise trade	**- 147**	**+ 489**	**- 58**	**+ 13**	**- 211**	**- 728**	**- 579**	**- 170**	**+409**
Gold production available for export	+ 150	+ 150	+ 144	+ 155	+ 155	+ 150	+ 147	+ 160	+ 13
Travel expenditures	- 6	- 66	- 63	- 84	- 121	- 161	- 162	- 193	- 31
Interest and dividends	- 335	- 268	- 239	- 276	- 323	- 381	- 433	- 420	+ 13
Freight and shipping	- 3	+ 8	- 56	- 43	- 17	- 45	- 70	- 59	+ 11
Inheritances and migrants' funds	+ 7	- 9	—	- 5	- 19	- 16	- 33	- 54	- 21
All other current transactions	- 183	- 140	- 171	- 192	- 162	- 185	- 294	- 349	- 55
Balance on non-merchandise transactions	**- 370**	**- 325**	**- 385**	**- 445**	**- 487**	**- 638**	**- 845**	**- 915**	**- 70**
Current account balance	- 517	+ 164	- 443	- 432	- 698	-1,366	-1,424	-1,085	+339

Note: Mutual Aid to NATO countries is not included in either current receipts or payments.

The terms of trade became a little less favourable during 1958, as a result of a decline of about ½ of 1 per cent in the export prices, together with a fractional rise in the average of import prices. The deterioration in the terms of trade of less than 1 per cent in 1958 compared with that of 3 per cent in the preceding year.

The weakening in the domestic export prices was spread over the year, with the low level falling in the third quarter. Reductions in the prices of wood products and paper, non-ferrous metals and products were partially offset by advances in the prices of agricultural and animal products, iron and steel products, non-metallic minerals and products and chemicals and fertilizer. Within the year the changes in the export prices were uneven for most groups of commodities, with a rising tendency indicated only in the cases of chemicals and fertilizer and wood products and paper.

A high first quarter level in the average of the import prices accounted for the small rise for 1958. A similar pattern of quarterly price changes was indicated for rolling mill products, machinery and non-metallic minerals and products. In the cases of agricultural and animal products and fibres and textiles, the import prices declined throughout the year. Price increases took place between 1957 and 1958 in wood products and paper, iron and steel and products, non-ferrous metals and products and chemicals and fertilizer; and prices declined for agricultural and animal products, fibres and textiles, and non-metallic minerals and products.

As statistics of merchandise trade generally cover movements of goods through customs channels there are included some transactions which are either not relevant for balance of payments purposes such as settlers' effects or which are covered in other items in statements of the balance of payments

STATEMENT 7A. Non-Merchandise Current Transactions between Canada and Other Countries, 1949 and 1958

	Receipts		Payments		Net transactions		Net change
	1949	1958	1949	1958	1949	1958	1949-1958
	millions of dollars						
A. Non-merchandise current transactions with the United States:							
Gold production available for export	139	160	—	—	+139	+160	+ 21
Travel expenditures	267	309	165	413	+102	-104	-206
Interest and dividends	40	98	325	479	-285	-381	- 96
Freight and shipping	126	206	193	294	- 67	- 88	- 21
Inheritances and migrants' funds	18	48	44	104	- 26	- 56	- 30
All other current transactions	158	275	244	412	- 86	-137	- 51
Total and balance on non-merchandise transactions	748	1,096	971	1,702	-223	-606	-383
B. Non-merchandise current transactions with all overseas countries:							
Travel expenditures	18	40	28	129	- 10	- 89	- 79
Interest and dividends	43	68	65	107	- 22	- 39	- 17
Freight and shipping	177	195	60	166	+117	+ 29	- 88
Inheritances and migrants' funds	50	43	15	41	+ 35	+ 2	- 33
Official contributions	—	—	6	50	- 6	- 50	- 44
All other current transactions	64	91	71	253	- 7	-162	-155
Total and balance on non-merchandise transactions	352	437	245	746	+107	-309	-416
C. Non-merchandise current transactions with all countries:							
Gold production available for export	139	160	—	—	+139	+160	+ 21
Travel expenditures	285	349	193	542	+ 92	-193	-285
Interest and dividends	83	166	390	586	-307	-420	-113
Freight and shipping	303	401	253	460	+ 50	- 59	-109
Inheritances and migrants' funds	68	91	59	145	+ 9	- 54	- 63
Official contributions	—	—	6	50	- 6	- 50	- 44
All other current transactions	222	366	315	665	- 93	-299	-206
Total and balance on non-merchandise transactions	1,100	1,533	1,216	2,448	-116	-915	-799

such as tourist imports. When used in the latter statements it is therefore necessary to adjust the regularly published statistics of the Trade of Canada for this special purpose. The extent of these adjustments is shown in statement 6. In both 1957 and 1958 the net deductions from the trade statistics did not vary greatly but the effect of the adjustments was to reduce significantly the deficit on merchandise account by $110 million and $93 million respectively from that shown in statements of the Trade of Canada. The nature of some of the adjustments is indicated by the headings of items shown in statement 6. In addition, there were significantly variable adjustments included in arriving at the item "all other adjustments" covering transactions on defence account and purchases of ships and aircraft.

Gold

At $160 million in 1958 the item "gold production available for export" was the highest of any post-war year except 1950, comparing with $147 million in 1957. Mine production was higher than in the previous year but did not rise as much as this series. This series does not exactly coincide with the latter measurement of production as it is computed at a later stage. Excluded are changes in stocks such as those held in safe-keeping at the Mint for the account of mines and other stocks of producers. The item since November 1, 1951 has reflected the sale of gold to the Exchange Fund by the Mint, a small amount exported in the form of concentrates, and sales abroad of commercial gold by producers. Also included since April 1956 have been relatively small sales, by mines not receiving financial assistance from the government, to non-residents or residents either for export or safe-keeping in Canada. The latter change followed removal of the remaining restrictions on the sale of gold in Canada or elsewhere announced by the Minister of Finance in March 1956.

Travel Expenditures

Canadian expenditures on travel outside of Canada rose in 1958 while receipts from non-resident travellers in Canada fell. This led to net payments of $193 million on travel account in 1958 compared with $162 million in 1957. This deficit from this group of transactions has risen in most years since 1951 when it first appeared. In 1950 and earlier there were net receipts on international travel account.

The increase in Canadian expenditures abroad in 1958 was from $525 million in the previous year to $542 million. This expansion in expenditures abroad in 1958 is a reflection of the high level of personal consumption expenditures by Canadians which continued to rise in 1958. Broadly based increases in incomes in Canada and the provision of vacations with pay to more workers have made it possible for many more Canadians to travel. The growth in income has been going on over an extended period. The total of expenditures by Canadians on travel abroad for 1958 is more than twice as high as in 1950. It is interesting in this connection to note that personal expenditures by Canadians on all types of services during this same period of eight years have also almost doubled and personal automobile operating expenditures have risen proportionately even more.

In addition to the growth in personal incomes which have made more travel possible there have been special factors at work in stimulating travel outside of Canada. A growing proportion of the population has migrated to Canada in the post-war period from the United Kingdom and Europe and still has personal ties encouraging visits overseas. Increased transportation links with overseas and other travel facilities have made for widened inducements to travel abroad. Much wider ownership of private

STATEMENT 8. Travel Expenditures between Canada and Other Countries, 1948 - 1958

Year	Account with United States			Account with overseas countries			Account with all countries		
	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments	Net
	millions of dollars								
1948	267	113	+154	12	21	- 9	279	134	+145
1949	267	165	+102	18	28	-10	285	193	+ 92
1950	260	193	+ 67	15	33	-18	275	226	+ 49
1951	258	246	+ 12	16	34	-18	274	280	- 6
1952	257	294	- 37	18	47	-29	275	341	- 66
1953	282	307	- 25	20	58	-38	302	365	- 63
1954	283	320	- 37	22	69	-47	305	389	- 84
1955	303	363	- 60	25	86	-61	328	449	-121
1956	309	391	- 82	28	107	-79	337	498	-161
1957	325	403	- 78	38	122	-84	363	525	-162
1958	309	413	-104	40	129	-89	349	542	-193

automobiles by Canadians has increased the mobility of the population and automobile visits to the United States have risen accordingly. And the opportunity for shopping is an aspect of travel believed to be an important attraction for many travellers to that country.

The rise in expenditures abroad was distributed between United States and overseas countries. The latter increase from $122 million to $129 million was more moderate than has been characteristic of recent years. Expenditures in the United States at $413 million were also higher than ever before.

While overseas travel expenditures in Canada rose from $38 million to $40 million there was a decline in receipts from United States travellers from $325 million to $309 million. Declines occurred in expenditures of visitors by all types of transportation except plane. There was again a discount on United States dollars, although this was less in the summer months than in the previous year. Although less than in 1957 United States expenditures on travel in Canada were as high as in 1956, the peak year up to then. While decline in expenditures in Canada coincided with some recession in United States economic activity, it is noteworthy that personal incomes in the United States at large were relatively maintained and that United States expenditures on travel in overseas countries rose appreciably in 1958. In the case of United States travel to Europe the rate of increase in expenditures was 16%, although expenditures elsewhere overseas rose only moderately. The number of United States travellers to overseas countries in 1958 numbered almost 1.4 million persons which is less than one-third of the number visiting Canada for visits of over 2 days. A large proportion of the visitors to Canada reside in industrial States close to the border.

Income Account

For decades net payments of interest and dividends have been the leading group of net current payments with the exception of a few years recently when net imports of merchandise were greater. The deficit of $420 million on income account in 1958 constituted almost 46 per cent of the net deficit from non-merchandise transactions. While less than the $433 million deficit in 1957 which constituted 51 per cent of the non-merchandise deficit, the underlying factors continued to work in the direction of a growing deficit from this source. The smaller deficit in 1958 was mainly due to a rise in receipts of some $23 million with the resumption of interest on the post-war loan to the United Kingdom. Reduced dividend transfers of non-resident investors were largely offset by higher interest payments by Canadian debtors to non-resident bond holders.

Expansion in the Canadian economy which has been financed by such massive imports of non-resident capital has led to a sharp increase in the Canadian balance of indebtedness to other countries. Since 1949 this rise has been more than threefold from $3.8 billion to over $13.5 billion. The principal factor bringing this about has been a rise in foreign capital invested in Canada from $8.0 billion in 1949 to $19.1 billion in 1958 with most of the rise being in equity forms of investment. In the same period net payments of interest and dividends have risen from $307 million to $420 million. While there are a number of reasons why these would not fluctuate directly in relation to the balance of indebtedness, comparison does suggest a substantial lag in the rise of remittances of income from foreign investments. Part of this lag is doubtless due to the long period it takes some investments to reach maturity—a state when profits are both earned and withdrawn. With some investments early operations do not yield the level of profits eventually reached and with many investments a considerable share of profits continued to be reinvested during periods of expansion. The non-resident investments in the petroleum industry provide an example where remittances of earnings have been low in relation to the large total of capital invested in recent years.

Payments of interest and dividends shown in this item total $586 million, virtually the same total as in 1957. This total is made up of interest of $181 million and dividends of $405 million. Not included are earnings retained in Canada of some hundreds of millions of dollars, and miscellaneous types of income amounting to $88 million, which are a part of the item Miscellaneous Current Transactions. In all the total earnings of non-residents on capital invested in Canada appear to have been in excess of $1 billion in 1958.

The interest element in the total has been growing rapidly since 1956, rising from $128 million in that year to $154 million in 1957 and $181 million in 1958. This rise, of course, reflects mainly the large volume of Canadian borrowing through sale of new Canadian issues in the United States and elsewhere abroad. The principal borrowers have been provincial and municipal governments, utilities, and some industrial corporations. It should be noted that a significant lag occurs in interest payments. Amounts of interest payments accruing on the more recent borrowing have exceeded the payments of interest entered in the balance of payments, as interest payments follow borrowing usually at intervals of six months. By 1958 interest paid abroad exceeded the peak levels of the period from 1930 to 1932.

Dividends paid non-resident investors totalling $405 million were less than the $433 million paid in 1957 but exceeded payments in any earlier year. As pointed out elsewhere these transfers have not been rising as sharply as investments of equity capital. Most of the drop in dividends in 1958 occurred in the transfers from direct investments which constituted more than three-quarters of the total dividends paid abroad. The rate of decline, some 6 per cent in this group, was not very different from that in dividends on portfolio investments in public companies.

STATEMENT 9. Receipts and Payments of Interest and Dividends between Canada and Other Countries, 1946-1958

Year	Account with United States					Account with United Kingdom					Account with all countries				
	Receipts		Payments		Net	Receipts		Payments		Net	Receipts		Payments		Net
	Interest	Dividends	Interest	Dividends		Interest	Dividends	Interest	Dividends		Interest	Dividends	Interest	Dividends	
	millions of dollars														
1946	8	39	101	149	-203	1	6	21	33	-47	13	57	125	187	-242
1950	11	39	90	321	-361	1	5	15	39	-48	28	63	109	366	-384
1951	15	42	95	287	-325	24	6	15	42	-27	54	61	114	336	-335
1952	23	62	96	248	-259	23	6	15	41	-27	60	85	115	298	-268
1953	24	77	101	233	-233	24	4	16	41	-29	63	102	121	283	-239
1954	15	54	108	237	-276	24	11	17	45	-27	53	94	130	293	-276
1955	15	63	107	281	-310	25	16	16	59	-34	54	106	127	356	-323
1956	21	59	107	320	-347	2	12	16	57	-59	38	104	128	395	-381
1957	27	68	129	349	-383	2	8	17	61	-68	44	110	154	433	-433
1958	24	74	153	326	-381	25	8	18	58	-43	63	103	181	405	-420

Interest received by residents of Canada rose to $63 million in 1958 from $44 million in 1957 with the payment of some $23 million by the United Kingdom on the post-war loan. This brought the total of interest receipts to the highest level since 1953 when it was the same amount. Receipts of dividends fell from $110 million to $103 million, or by about the same rate as dividend payments. The total decline occurred both in receipts from direct investments and from portfolio investments. Changes in receipts from different sources were more irregular with higher receipts from the United States being partly offset by drops from subsidiaries in the Rest of the Sterling Area.

Not included in the interest and dividend receipts are miscellaneous receipts of income which in 1958 had risen to $72 million with larger transfers of earnings by Canadian financial institutions from branches abroad. Miscellaneous income of this kind is included in the item Miscellaneous Current Transactions which is analysed in statement 11.

Freight and Shipping Transactions

There was a moderate reduction in the deficit from freight and shipping transactions in 1958 to $59 million from $70 million in the previous year. While less than the peak which occurred in 1957, this remained higher than deficits in earlier years and contrasts with surpluses in the early post-war period when Canada had a substantial merchant marine at a time when the volume of imports was much less than in recent years.

Although the change in 1958 was influenced by trends in merchandise trade which led to the reduced import balance, the drop in payments for transportation was chiefly offset by a concurrent reduction in receipts on this account. The result was that the net change on freight and shipping account was small in comparison with the size of the reductions in commodity trade balance and a considerable drop in the deficit with the United States was chiefly offset by smaller net receipts from overseas countries.

A reduction in payments occurred both on ocean shipping account and for inland transportation in the United States to the border of coal and other imports. Expenditures abroad of Canadian shipping companies and operators, including the chartering of vessels on time charter, were lower, while freight on petroleum and other commodities imported by sea was higher.

The reduction in receipts on freight and shipping account was mostly in lower earnings of Canadian shipping operators from traffic between foreign ports and from receipts from time charters and in less inland freight earnings on some commodities exported like petroleum.

Inheritances and Migrants' Funds

A larger deficit amounting to $54 million resulted from these transactions compared with a revised estimate of $33 million in the previous year. A sharper drop in receipts than in payments led to this change.

The major factor contributing to this result was the contraction of more than one-half in the number of immigrants to Canada from the post-war peak of some 282,000 in 1957 to 125,000 in 1958. Changes in the countries of origin were quite varied. In the case of immigrants from the United Kingdom only about one-quarter as many came in 1958 while the number from the United States was maintained. Northern Europe was the source of about one-half as many as in the previous year while the decline in

STATEMENT 10. Freight and Shipping Transactions between Canada and Other Countries, 1952-1958

Item	1952	1953	1954	1955	1956	1957	1958
	millions of dollars						
Receipts by Canada							
Ocean shipping:							
Canadian operated ships:							
Gross earnings on exports	56	58	61	78	76	69	65
Charter receipts	13	7	3	9	20	21	9
Revenues between foreign ports	33	17	18	28	40	38	29
Sub-total	102	82	82	115	136	128	103
Expenditures of foreign ships in Canada	43	41	35	45	48	44	43
Gross shipping receipts	**145**	**123**	**117**	**160**	**184**	**172**	**146**
Inland freight on exports	201	161	159	185	204	194	190
Intransit revenues	29	29	29	32	33	38	37
Other receipts	8	5	8	21	36	41	28
Gross receipts (Table 1, item A6)	**383**	**318**	**313**	**398**	**457**	**445**	**401**
Payments by Canada							
Ocean shipping:							
Expenditures abroad of Canadian shipping companies and charter payments	64	60	67	95	104	113	96
Freight on imports via Canadian ports	71	75	66	77	105	108	113
Gross shipping payments	**135**	**135**	**133**	**172**	**209**	**221**	**209**
Inland rail freight in U.S. on imports:							
Coal via vessel	48	48	39	40	53	50	34
Coal via rail	33	26	22	20	25	11	13
Other rail freight	117	121	112	121	143	142	114
Sub-total	198	195	173	181	221	208	161
Miscellaneous payments	42	44	50	62	72	86	90
Gross payments (Table 1, item B6)	**375**	**374**	**356**	**415**	**502**	**515**	**460**

immigrants from other countries was relatively less than this. As a result of these changes the inflow of immigrants' funds in 1958 is estimated at around $70 million compared with an inflow of some $105 million in 1957.

Among movements of migrants out of Canada there was a contraction of almost 30 per cent in the number of residents in Canada emigrating to the United States, to the point where this number was lower than in any year since the earlier recession year of 1954. In contrast to this, there was a relatively sharper increase in the recorded amount of the movement back to the United Kingdom.

New estimates of the outflow of funds connected with outward migration from Canada have been made for the years 1957 and 1958 which show higher aggregates than the preliminary estimates for these years. There was a considerable decline in the outflow between 1957 and 1958 reflecting reduced total number migrating in the latter year.

Miscellaneous Current Transactions

The deficit of $349 million from miscellaneous current transactions in 1958 was significantly higher than that of $294 million in 1957 which in turn was much higher than in any earlier year, having risen sharply from $185 million in 1956. Payments rose in 1958 while receipts fell. Most of these changes took place in official contributions and in other government transactions. Personal and business groups of transactions were relatively stable except for a sharp rise in receipts of miscellaneous income.

Official contributions by the Canadian government at $50 million showed a considerable rise chiefly because of larger Canadian government expenditures on exports and services for Commonwealth countries in Asia financed under the Colombo Plan and other aid in the form of wheat and flour to relieve food shortages, including flour contributed to refugees in the Middle East and other aid through Canadian assistance to international organizations. Again the largest amounts of the contributions during the year went to India and Pakistan with smaller amounts to Ceylon and Malaya and to other countries outside of the Commonwealth. There was also technical assistance under the Colombo Plan to a larger group of countries.

Other government expenditures included in the item were chiefly on account of defence, although much of the rise in payments in 1958 can be traced to some non-recurring payments by the Canadian government arising out of tax refunds. With a decline in receipts and an increase in payments there was a deficit on government account of $43 million compared with net receipts of $14 million in 1957. The leading factor in the change was a drop in receipts chiefly reflecting reduced outlays in Canada on

defence installations and establishments by the United States government. The other major factor was the rise in unusual Canadian government expenditures referred to above, but the principal part of Canadian expenditures continued to be for military purposes. Most of these arose out of the Canadian Military Brigade and Air Force squadrons in Western Europe forming part of Canada's share of the NATO Forces. Included are such large items as pay and allowances of forces, local wages and salaries, payments for logistic support, construction and rentals, local purchases abroad of food and supplies, and cash contributions to NATO infrastructure charges and military budgets. Canada's share of the costs of carrying out such international responsibilities as membership in the United Nations' Forces in the Middle East and the Indo-China Truce Commission are also included. Costs of the representation of the Canadian government abroad through a variety of departmental activities make up another group of rising expenditures outside of Canada.

Canada's contribution of Mutual Aid to NATO countries of $142 million in 1958 is additional to the above expenditures and is shown in separate offsetting items of the annual statements of the current account. This aid continued to be made up of military equipment and supplies shipped to Canada's NATO partners and the provision of training to NATO aircrews in Canada. While shipments were higher provision for air training was less as that program has been gradually curtailed. In the period since 1950 when this form of aid was introduced up to the end of 1958 the total actually extended has been in excess of $1½ billion. Because of the special character of this military assistance Mutual Aid to NATO countries has not been reflected in current balances. Amounts of similar size are entered in current receipts to cover the export of goods and services and in current payments to represent the contributions in current account statements with all countries. These special exports do not appear in regular statistics of Canadian trade with Canada's NATO partners, nor in balance of payments statements with individual countries or groups of countries.

Net payments on account of personal and institutional remittances resulted in a slightly larger deficit in 1958 estimated at $62 million. This group of payments has risen substantially over the levels of early post-war years reflecting the large foreign-born population now living in Canada and rising personal incomes. In the decade ending in 1958 immigration to Canada totalled more than 1½ million persons.

Miscellaneous income transactions led to a much smaller deficit in 1958 with a fall from $30 million to $16 million. This was due to a sharp rise in receipts as payments also rose, although only slightly from the high level of the previous year. The largest components of receipts are earnings transferred by Canadian financial institutions from branch operations abroad along with other types of income not included elsewhere. In the case of payments there are remittances of profits of Canadian branches of foreign insurance companies, interest on inter-company borrowing, usually between subsidiaries in Canada and parent companies abroad, interest on mortgages, savings balances, and treasury bills, remittances of income by trust companies and other nominees administering non-resident estates in Canada.

The deficit from "business services and other transactions at $178 million was not significantly different from 1957 when the deficit was $182 million, but this makes a second year at a considerably higher level than formerly. Among the underlying influences behind the growth in these payments have been the spreading corporate relationships between Canada, United States, United Kingdom, and Europe. The great extension in the number of instances of international direct investment and the large investment programmes associated with them have been accompanied by a larger international exchange of business services. These have led to a predominance of payments by Canada for services as investment movements in recent years have led to a much greater growth in non-resident direct investments in Canada than in Canadian direct investments abroad. The effects of new investment on net payments for services have been both immediate and cumulative. Large elements of costs for the initial investments have been incurred in the United States particularly, for non-resident engineering and technical services used in the projects. And subsequently with the establishment of the direct investments there are usually appreciable head office expenses incurred in operations.

The range of items covered in this group of transactions is very wide but may broadly be described as business and personal services. Some of the largest groups of these transactions are those between the branch and subsidiary companies and head offices and affiliated companies as already noted. These transactions cover, among other items, such head office charges as those for administration and management, engineering, research and advertising. This group of payments to home offices is very large and in recent years reported payments have been rising and for several years have been well in excess of $100 million per year. There is also a great variety of payments for services between unrelated parties for the many commercial, financial and professional services forming a part of Canada's business life where one party is a resident of the United States or overseas. Included are such items as royalties, copyrights, advertising, engineering and technical services, and commissions, to mention only a few. Earnings of migrant labour and international commuters also are entered in this account and there are large entries for the international expenditures of airlines and other transportation expenses not forming part of the freight and shipping account. Some international insurance transactions are also included in the item of business services but these are not relatively large and are chiefly offsetting as most insurance transactions affecting the balance of payments are covered under miscellaneous income in the case of profit transfers and among security transactions in the case of capital movements.

STATEMENT 11. Miscellaneous Current Transactions with All Countries, 1956-1958

Item	Receipts			Payments			Balance		
	1956	1957	1958	1956	1957	1958	1956	1957	1958
	millions of dollars								
Official contributions	—	—	—	30	37	50	- 30	- 37	- 50
Government transactions, n.o.p.	219	160	118	139	146	161	+ 80	+ 14	- 43
Personal and institutional remittances	23	24	23	79	83	85	- 56	- 59	- 62
Miscellaneous income[1]	54	56	72	64	86	88	- 10	- 30	- 16
Business services and other transactions	146	148	153	315	330	331	-169	-182	-178
Total (Table 1, items A11 and B9, 11)	**442**	**388**	**366**	**627**	**682**	**715**	**-185**	**-294**	**-349**

[1] Includes transfers of branch profits by insurance companies and banks.

Capital Movements

Summary

Despite the somewhat more moderate level of capital formation in 1958, Canada continued to draw substantially on the resources, real and financial, of the rest of the world, although changing conditions were reflected to some extent in the character and volume of capital movements between Canada and other countries.

The current account deficit and the capital movements which on balance financed it totalled $1,085 million. The net inflow of foreign capital for direct investment in foreign-controlled enterprises in Canada totalled $450 million, and transactions in portfolio Canadian securities led to a further inflow of $623 million. These two groups of transactions added $1,073 million to Canadian external liabilities in long-term forms. In 1957 direct investment provided $514 million and Canadian securities $757 million, a total of $1,271 million. The decline of 16 per cent in these inflows was considerably below the decline of 24 per cent in the current account deficit.

On the long-term asset side in 1958 there were outflows of $20 million for Canadian direct investment abroad, which were more than offset by $6 million of Canadian capital returned from transactions in foreign securities and $30 million from the net repayment of war and post-war loans extended by Canada less new loans made in 1958. This net inflow or return of capital amounting to $16 million compared with a net outflow of $12 million in 1957 when there were larger movements for direct investment abroad but larger net repayments of intergovernmental loans.

Transactions in the long-term forms described above, together with those appearing in statement 15, led to a net capital import of $1,173 million in 1958 compared with $1,301 million in the previous year, a decline of only 10 per cent while the current account deficit declined 24 per cent.

Including changes in Canadian dollar holdings of non-residents, and in official holdings of gold and foreign exchange, other capital movements led to a net capital outflow of $88 million in 1958, in contrast to a net inflow of $123 million in the preceding year of heavier demand pressures.

The capital movements in long-term forms were equivalent to 8 per cent more than the current account deficit. The corresponding inflows in 1957 fell some 9 per cent short of the deficit in that year. In 1956 they were some 4 per cent greater, in 1955 they fell short by more than 40 per cent, while in each earlier post-war year of current account deficits capital imported in long-term forms exceeded the deficit to be financed. The comparative ease with which adjustment to substantial shifts of both long-term capital flows and current account deficits has taken place has been a characteristic of the Canadian balance of payments in the 1950's.

The United States supplied a larger amount of capital in long-term forms in 1958 than in 1957, and only an insignificantly smaller amount than in 1956. The United States share of the total was 82 per cent in 1958, 73 per cent in 1957. The capital in long-term forms supplied by the United Kingdom fell by 25 per cent over the preceding year, and its share in the total was 15 per cent in 1958, 18 per cent in 1957. The movement in long-term forms from other overseas countries fell by 73 per cent, and the share of the total to 3 per cent from 9 per cent. New extensions of credit by Canada to finance the sale of wheat and flour contributed to the change with this group of countries.

A significant feature of the capital account in 1958 was the decline in inflows involving investment in Canadian businesses. The net movement of capital into foreign-controlled concerns in Canada fell by $64 million, and the net movement for the acquisition of securities of other Canadian companies fell by $286 million. But despite this striking contraction, the inflows into these Canadian business investments in 1958 amounted to over $750 million, and the growth of non-resident investment in Canadian corporations was much larger because of the substantial amounts of earnings ploughed back into these firms. Associated with the decline in the

rate of business investment was substantially increased activity on government account, reflected in the capital account of the balance of payments by net sales of securities of Canadian governments which totalled $319 million, an increase of over 90 per cent compared with 1957.

Investment in equity forms served to finance somewhat more than half the current account deficit in 1958. In 1957 it financed somewhat less, but the proportion of equity financing in 1956 was higher.

Direct Investment in Canada

The net movement of foreign capital to Canada for direct investment in foreign-controlled enterprises during 1958 amounted to $450 million. This represents a decline of $64 million from 1957 and of $133 million from the record year of 1956. The inflow in 1958 was, however, nearly $100 million above the average for the years from 1950 to 1955 and many times larger than the annual inflows prior to the fifties.

The decline in 1958 of 12 per cent in net inflows of foreign direct investment capital was slightly less than the reduction in business gross fixed capital formation in the form of new non-residental construction and new machinery and equipment, although it should be noted that direct investment flows are not necessarily devoted to financing of new fixed capital formation, nor need they correspond to the timing of capital expenditure. On the other hand, the introduction of new investment from abroad or from other sectors of the domestic economy is in a sense marginal insofar as it supplements important internal savings in the form of capital consumption allowances and undistributed profits. As a consequence new financing may be expected to be more volatile than gross capital formation, and for this reason the relative magnitude of the decline in direct investment inflows in 1958 is of considerable significance.

Net inflows from the United States fell by 15 per cent, or by $59 million to $331 million in 1958. A drop of $29 million or 49 per cent occurred in net inflows from overseas countries other than the United Kingdom, mainly Western European, which totalled $30 million. In contrast the net inflow of direct investment capital from the United Kingdom rose by $24 million or 37 per cent compared with 1957 to total $89 million, although the full change was not related to capital formation during the year.

Industrially most of the decline in 1958 was in net inflows to manufacturing industries. There appears to have been a slight decline in the inflows for the petroleum and natural gas industry which was more than offset by an increase in the inflows for mining operations. Compared with 1957 it would seem that there was an increase in the proportion of the inflows going into both the petroleum and natural gas industry and mining, but a significant decline in the proportion of the capital supplied to manufacturing.

The capital inflow for direct investment was considerably higher in the last half of 1958 than in the first half. The fourth quarter figure of $142 million was the second highest recorded for a fourth quarter during the period of nine years covered by official estimates, having been exceeded only in 1956. Some 55 per cent of the inflow in 1958 occurred in the last half of the year, compared with 51 per cent in 1956 and 1957. But in all three years there were extraordinary transactions in the last half of the year relating to capital formation in other periods.

The industrial distribution of movements of capital related to United States direct investment in Canada is given as usual in statements 12 and 12A. These show that 88 per cent of the net inflow of United States capital for direct investment in Canada in 1958 was directed to the petroleum and natural gas industry and mining, up from 76 per cent in 1957. The net amount involved was little different in the two years, $290 million in 1958 and $298 million in 1957, with a reduction in inflows for petroleum and natural gas being partly offset by an increase for mining. (The differences in gross direct investment inflows to these industries were somewhat larger).

In contrast with the relative stability in petroleum, natural gas and mining, there was a sharp change in the net movement of United States direct investment capital to the pulp and paper industry, a net inflow of $33 million in 1957 being replaced in 1958 by a net outflow of $10 million; many companies in the industry found themselves in a position to repay indebtedness to parent companies in 1958. Net inflows to other manufacturing concerns contracted from $45 million to $31 million, while those to all other industrial groups rose from $14 million to $20 million.

Annual estimates of the total value of direct investments cover the total investments owned by all residents of the country in which control lies, in contrast with estimates of direct investment flows shown in balance of payments statements which are confined to those affecting the investment of controlling or affiliated interests. As a consequence there are capital movements recorded in the statements under categories other than direct investment which directly affect the estimated value of direct investments. These movements are also shown in statements 12 and 12A. They totalled $219 million in 1957 and $137 million in 1958. The decline was more than accounted for by reduced borrowing in the United States by the petroleum and natural gas industry. Taken together, the net capital movement adding to United States direct investment in Canada amounted in 1957 to $609 million and in 1958 to $468 million. All other factors, including the retention of profits, accounting adjustments, etc., added a further $473 million in 1957 and an estimated $256 million in 1958. The recorded increase in the book value of United States direct investment in 1957 was $1,082 million and the estimated increase in 1958 was $724 million. The 1958 figure was also considerably below 1956; it was about the same magnitude as in 1955 but much larger than in earlier years.

STATEMENT 12. United States Direct Investment in Canada, 1946 - 1958

Account	1950	1951	1952	1953	1954	1955	1956	1957	1958[3]	1946-1958[4]
	millions of dollars									
Gross inflows of new capital:										
Petroleum and natural gas industry[1]	116	140	178	172	187	195	243	260	222	1,809
Mining n.i.e.	30	37	98	104	66	60	63	78	96	649
Pulp and paper	9	31	7	1	23	35	42	48	14	258
Manufacturing n.i.e.			71	52	41	77	108	111	90	
Utilities n.i.e.			2	6	2	9	2	3	6	
Merchandising n.i.e.	88	101	5	31	9	21	16	27	17	1,215
Financial			1	13	15	17	16	21	13	
Miscellaneous			2	4	7	9	16	17	8	
Sub-total	**243**	**309**	**364**	**383**	**350**	**423**	**506**	**565**	**466**	**3,931**
Return of capital	43	39	45	37	62	117	100	175	135	834
Net capital inflow for direct investment (Table I, item D1)	200	270	319	346	288	306	406	390	331	3,097
Net other identified capital movements affecting the investment of United States residents in United States controlled enterprises[2]	17	34	129	- 2	22	32	225	219	137	772
Net capital inflow	**217**	**304**	**448**	**344**	**310**	**338**	**631**	**609**	**468**	**3,869**
Retention of profits and other factors including revaluations, reclassifications, and similar accounting adjustments	114	166	186[5]	332	271	391[5]	247[5]	473	256[6]	3,027
Net increase in book value – Table X(B)	331	470	634	676	581	729	878	1,082	724	6,896

[1] Exploration, development, refining, transportation, distribution and marketing.
[2] New issues, retirements, borrowing, investment abroad, etc., affecting the total value of investment in Canada by United States residents in United States controlled enterprises; also includes classification adjustments in respect of direct investment transactions representing significant investment in non-United States controlled enterprises.
[3] Preliminary.
[4] For annual detail 1946 to 1949 see Statement 12, "The Canadian Balance of International Payments, 1956, and International Investment Position".
[5] This figure is affected by unusually large reclassifications between direct and portfolio investments.
[6] Provisional estimate subject to revision.

Note: In addition to investment in new construction and new machinery and equipment included in gross business fixed capital formation as published in the National Accounts, the above figures reflect investment in other forms and the acquisition of existing assets and resources of Canadians. For these and other reasons the series are not strictly comparable.

STATEMENT 12A. Additional Detail of United States Direct Investment in Canada, 1957 and 1958

Industry	1957					1958[3]				
	Direct investment transactions			Other capital movements[2]	Net capital inflow	Direct investment transactions			Other capital movements[2]	Net capital inflow
	Inflows	Outflows(-)	Net inflow			Inflows	Outflows(-)	Net inflow		
	millions of dollars									
Petroleum and natural gas industry[1]	260	- 24	236	128	364	222	- 8	214	8	222
Mining, n.i.e.	78	- 16	62	17	79	96	- 20	76	52	128
Pulp and paper	48	- 15	33	- 10	23	14	- 24	- 10	- 4	- 14
Manufacturing, n.i.e.	111	- 66	45	101	146	90	- 59	31	72	103
Utilities, n.i.e.	3	- 3	–	1	1	6	- 1	5	- 2	3
Merchandising, n.i.e.	27	- 22	5	- 4	1	17	- 13	4	- 4	–
Financial	21	- 18	3	- 11	- 8	13	- 2	11	16	27
Miscellaneous	17	- 11	6	- 3	3	8	- 8	–	- 1	- 1
Total	**565**	**-175**	**390**	**219**	**609**	**466**	**-135**	**331**	**137**	**468**

For footnotes see Statement 12.

In the thirteen years of the post-war period there have been gross inflows from the United States for direct investment in Canada aggregating $3,931 million, of which nearly two-thirds went to the petroleum, natural gas, and mining industries. During the same period some $834 million of United States direct investment capital was returned to that country, but movements of portfolio capital added a further $772 million to the value of United States investment in United States-controlled enterprises in Canada, making a total movement of United States capital of $3,869 million. Retention of profits, reclassifications, etc., led to a further rise of $3,027 million in the period, raising the book value of United States direct investments in Canada from $2,304 million at the end of 1945 to $9,200 million at the end of 1958.

Inflows of direct investment capital from the United Kingdom totalling $89 million in 1958 were well above the total of $65 million for 1957 and not far below the post-war record of $98 million established in the preceding year. Larger amounts of United Kingdom capital were directed in 1958 to the petroleum industry and to manufacturing enterprises although the increase in the latter category does not appear to have given rise to new capital expenditures.

Net direct investment inflows from overseas countries other than the United Kingdom, mainly Western European countries, totalled $30 million in 1958 compared with $59 million in 1957 and $79 million in the preceding year. The decline in the most recent year included substantially smaller inflows to manufacturing industries.

It will have been evident from the discussion above that estimates of the Canadian balance of payments do not reflect the accrual to non-residents of undistributed earnings on Canadian investments. Such earnings are an important source of corporate financing, and have been a contributing factor to the rapid growth of the equity of non-residents in Canadian industry and commerce. The retention of earnings on portfolio investments in Canada includes passive or involuntary reinvestment by foreign shareholders (although of course they may dispose of their investment if they choose to do so). On the other hand the retention of earnings on foreign direct investments in Canada arises from the decision or acquiescence of non-resident investors in a position to control the company. It is, therefore, tantamount to the introduction of additional capital from abroad.

STATEMENT 12B. Estimated Profits Retained on Foreign Direct Investments in Canada, 1946 - 1957

(millions of dollars)

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1946	120	1949	155	1952	290	1955	370
1947	125	1950	155	1953	340	1956	480
1948	160	1951	200	1954	300	1957	450
Total 1946 - 1957			**3,145**				

Decisions with respect to the transfer of earnings between subsidiaries and parent companies are presumably dictated primarily by the relative need for funds in Canada or abroad. In the absence of immediate and pressing need for the funds, conditions in the money and exchange markets assume greater importance. Other possible determining influences may include any effect on the corporation's overall tax position or on its published accounts. These types of consideration are believed to be more important in the subsidiary-parent relationship typical of direct investment than in the public company whose profit distributions represent a final disposition of resources and for whose shareholders a relatively stable dividend rate generally has attraction. The dividend payment practices of direct investment companies have varied considerably over the post-war period. Until the end of 1951 about 60 per cent of direct investment earnings were distributed. In the period since that time distributions have averaged about 44 per cent of earnings. This has been considerably below the average for all companies in Canada, which, between 1952 and 1958, paid out some 49 per cent of earnings.

Estimates of the total retained earnings on all foreign direct investments appear in statement 12B. (Figures are not available separately by country nor for Canadian direct investment abroad). Earnings retained during 1957 are estimated to have amounted to $450 million. This was somewhat below the amount retained in 1956, but dividend payments were higher and the total earnings on foreign direct investments in Canada appear to have differed little in the two years. The accumulation of undistributed earnings has added $3,145 million to Canada's external indebtedness in the twelve years between 1946 and 1957. Retained earnings on foreign portfolio investment in Canada add further large amounts. The significance of this sum, large as it is, is given added emphasis by the rapidly rising trend evident in the figures. And of even greater significance is the fact that many extensive enterprises owned in Canada by non-residents have not yet reached the stage of significant earnings.

Direct Investment Abroad

There was a net outflow of capital for Canadian direct investment abroad during 1958, but it was smaller than for any year since 1951. The net outflow of $20 million was down sharply from the figure of $68 million for 1957, and from the record of $104 million established in the previous year. In 1956 there had been significant investment by Canadians to acquire control over existing enterprises in the United States; some of these interests were sold during 1958 causing the net inflow in the latter year. Movements between Canada and the United States of Canadian direct investment capital were inwards on balance for the first time since 1950. The net return to Canada of $6 million of capital contrasted with the outflow of $35 million in 1957 and of $70 million in 1956. There was also a shift in the direction of the capital movement with the United Kingdom related to Canadian direct investment, and an outflow of $5 million occurred in 1958 in contrast to repatriation of $4 million in 1957. And transactions with other sterling area countries led to an inflow of $9 million in sharp contrast to an outflow of $15 million in the preceding year; a part of the shift represents a partial return of funds supplied to finance expansion of some enterprises in recent years. There were net outflows of Canadian direct investment capital to other OEEC and all other countries in both years, $22 million in 1957 and $30 million in 1958. The largest parts of these movements, $16 million and $21 million respectively, were to Latin American countries.

Canadian direct investment transactions during 1958 were spread over a wide variety of industrial and commercial enterprises including beverages, farm implements, pulp and paper, other manufacturing, mining, oil, utilities and distribution.

Summary of Transactions in Portfolio Securities

Portfolio security transactions were again by far the largest source of foreign capital in 1958, supplying an amount equivalent to 58 per cent of the deficit on current account. This was a higher proportion than for any other post-war year of current account deficit except 1950. The net inflow of $629 million was less than occurred in either 1956 or 1957 when very strong demand pressures were exerted in Canadian capital markets by unprecedented levels of business capital investment and inflows of $727 million and $763 million respectively occurred from security transactions. The capital import from security transactions in 1958 was, however, close to twice the amount in 1950 when the previous record was set in an atmosphere of exchange rate speculation.

The broad similarity of magnitude in the overall capital movement arising from portfolio security transactions in 1956, 1957, and 1958 conceals underlying changes of considerable significance. There were changes in the trend between 1956 and 1957 and again in 1958. The period of greatest inflow occurred in the last half of 1956 and the first half of 1957 when the movement from these transactions was more than $1,000 million. With a moderating level of economic activity the capital inflow from these transactions in the ensuing twelve months fell to less than $600 million. An upturn was apparent in the last half of 1958 when net sales of portfolio securities produced a capital inflow about a quarter larger than in the corresponding period of 1957.

The total for 1958 was made up of $623 million from net sales to non-residents of Canadian securities and $6 million from net sales of foreign securities. This movement of $629 million compared with $763 million in 1957 when there were net sales of $757 million Canadian securities and $6 million foreign securities. Trade in outstanding Canadian securities in 1958 reflected a sharp drop in net sales of Canadian stocks, but trading of outstanding Canadian bonds and debentures was in balance, in contrast to significant net repurchases in 1957. The balance from trade in all outstanding Canadian securities was $84 million compared with $92 million in 1957. The sale to non-residents of new issues of Canadian securities produced $695 million, compared with $798 million in 1957, and retirements of foreign-held Canadian securities amounting to $156 million compared with $133 million in the previous year.

The increased role in economic activity in 1958 of expenditures by governments at all levels was mirrored in the capital movements from security transactions. In contrast to 1957 when the net inflow from all Canadian securities was made up of $167 million from transactions in bonds and debentures of Canadian governments and municipalities and $590 million from corporate bonds, debentures and stocks, the 1958 totals included $319 million of government issues and $304 million of corporate issues. Thus the inflow from net transactions in government issues rose by some $152 million to nearly twice the 1957 total, while at the same time net transactions in corporate issues fell by $286 million to just over half their 1957 value. Contracts for sale show an even greater disparity, as sales contracts outstanding on a deferred delivery basis were reduced. This development was largely related to the completion of some pipe line financing.

Another striking change in portfolio security transactions in 1958 was the geographical origin of the capital inflow. Although the net inflow from all countries declined by 18 per cent to $629 million, inflows from the United States declined by 2 per cent to $548 million. Net sales to the United Kingdom fell from $127 million to $36 million or by 72 per cent, and net sales to other overseas countries fell from $75 million to $45 million, or by 40 per cent. As a result of these changes the proportion of the movement coming from the United States rose from 73 per cent in 1957 to 87 per cent in 1958, while the proportions from the United Kingdom and from other overseas countries fell from 17 per cent and 10 per cent to 6 per cent and 7 per cent respectively.

The tremendous volume of international security movements of portfolio capital between Canada and

other countries is evident from the gross transactions of about $2.5 billion recorded in 1958. This turnover was below the levels of recent years, and compared with $3.0 billion in 1957, $3.2 billion in 1956 and $2.7 billion in 1955.

Additional comment and statistical detail on international movements of portfolio capital, including quarterly figures classified by debtor, will be found in the DBS reports, "Sales and Purchases of Securities between Canada and Other Countries," particularly the December issues which contain an annual review.[1]

Transactions in Outstanding Canadian Securities

Trade in outstanding Canadian issues was dominated again in 1958 by the sale to non-residents of Canadian common and preference stocks, although the net balance of $84 million from these transactions fell considerably short of amounts of $137 million and $188 million realized in 1957 and 1956 respectively. On the other hand, net sales to non-residents of outstanding Canadian bonds and debentures were in balance, contrasting with net repurchases of $45 million in the previous year. The contrast between results of the trading in Canadian stocks and in Canadian bonds was accordingly less striking in 1958 than in 1957. Details of these transactions appear in statement 13.

Net sales of outstanding Canadian stocks occurred in each quarter of 1958 and in eleven out of the twelve months; there have been sales balances in each quarter in the past five years, during which non-residents have invested $676 million through the purchase of outstanding Canadian equities. Net sales had declined sharply in the fourth quarter of 1957 and fell still further to only $3 million in the first quarter of 1958. They then rose sharply to $16 million in the second quarter and $34 million in the third, declining moderately to $31 million in the final quarter.

Repatriation of foreign-held Canadian bonds and debentures through net repurchases of outstanding issues had occurred quarter by quarter since the first quarter of 1956, and this trend continued through the third quarter of 1958. But the final quarter saw a marked resurgence of foreign interest in Canadian bonds, and a sales balance of $21 million was sufficient to offset the net repatriation in the preceding quarters of the year.

[1] Due to revisions the figures in this report will in some cases differ from those included in the earlier publication.

STATEMENT 13. Transactions in Canadian Securities between Canada and Other Countries, 1957 and 1958

A minus sign indicates an outflow of capital from Canada

Account	Trade in outstanding issues		Proceeds of new issues		Retirements		Total	
	1957	1958	1957	1958	1957	1958	1957	1958
	millions of dollars							
By type of security								
Bonds and debentures:								
Government of Canada, direct	- 6	+21	+ 16	+ 67	- 8	- 25	+ 2	+ 63
Government of Canada, guaranteed	- 8	- 1	—	+ 9	- 21	—	- 29	+ 8
Provincial government (including guaranteed)	- 15	-18	+136	+167	- 25	- 45	+ 96	+104
Municipal government	- 1	- 1	+123	+175	- 24	- 30	+ 98	+144
Railways, not guaranteed by government	- 4	- 3	—	+ 1	- 5	- 2	- 9	- 4
Other corporations	- 11	+ 2	+462	+233	- 25	- 38	+426	+197
Sub-total: bonds and debentures	**- 45**	**—**	**+737**	**+652**	**-108**	**-140**	**+584**	**+512**
Common and preference stocks	+137	+84	+ 61	+ 43	- 25	- 16	+173	+111
Total (Table 1, items D3, 4, 5)	**+ 92**	**+84**	**+798**	**+695**	**-133**	**-156**	**+757**	**+623**
By country								
United States	- 65	+56	+722	+618	-105	-131	+552	+543
United Kingdom	+ 87	+ 7	+ 59	+ 41	- 21	- 15	+125	+ 33
Other sterling area	—	—	—	—	—	—	—	—
Other OEEC countries	+ 75	+31	+ 16	+ 26	- 7	- 10	+ 84	+ 47
Other countries	- 5	-10	+ 1	+ 10	—	—	- 4	—
Total (Table 1, items D3, 4, 5)	**+ 92**	**+84**	**+798**	**+695**	**-133**	**- 156**	**+757**	**+623**
By quarter								
First quarter	+ 30	—	+274	+175	- 42	- 29	+262	+146
Second quarter	+ 44	+ 4	+295	+292	- 25	- 51	+314	+245
Third quarter	+ 28	+28	+144	+100	- 36	- 24	+136	+104
Fourth quarter	- 10	+52	+ 85	+128	- 30	- 52	+ 45	+128
Total (Table 1, items D3, 4, 5)	**+ 92**	**+84**	**+798**	**+695**	**-133**	**-156**	**+757**	**+623**

The geographical distribution of the balances from trade in outstanding Canadian securities underwent marked change between 1957 and 1958. The overall sales balance was not greatly changed, $92 million in 1957 and $84 million in 1958. But there was a change of $121 million in the balance of transactions with the United States from net repurchases of $65 million to net sales of $56 million. At the same time net sales to the United Kingdom contracted sharply from the peak of $87 million in 1957 to only $7 million in 1958, and net sales to all other overseas countries fell from $70 million to $21 million.

The striking change in the pattern of security trading between Canada and the United States in 1957 and 1958 reflected a fall in net repurchases of outstanding Canadian bonds and debentures from $70 million to $10 million. Repatriation occurred during the first three quarters of the year but on a scale greatly reduced compared to that recorded since early 1956, and in the final quarter of the year there was a significant sales balance of $11 million. This arose mainly from increased United States interest in Government of Canada direct and guaranteed issues and greatly reduced repatriation of outstanding Canadian corporate issues. Under the market conditions prevailing during the year the trade in outstanding Canadian issues undoubtedly included some significant repurchases for sinking fund accounts. While this change was occurring in the trade in Canadian bonds and debentures, there was a sharp increase in sales to the United States of outstanding Canadian equities, from $5 million in 1957 to $66 million in the year under review. This total was still below the high levels recorded in the years from 1954 to 1956.

The eight special investment funds organized by United States interests and described in earlier reports were not as important a factor in the international trading of Canadian securities as in earlier years. During 1957 they had raised net new capital of about $62 million and invested some $74 million in Canadian securities. During 1958 the net new capital raised is estimated at about $7 million, and investments in Canadian securities at about $14 million. There were thus net sales of Canadian stocks to the funds in both years. In 1957 there were substantial repurchases from other United States investors while in 1958 there were substantial sales to them. Sharp changes in security prices over the two years affected the value of investments in Canadian securities by the eight funds. As a result in 1957, when investment of $74 million occurred, the net value of the holdings rose by only $6 million. And in 1958 the investment of $14 million was accompanied by a growth of $92 million in the value of the holdings. At the end of 1958 the total investment in Canadian long-term securities by the funds was placed at $353 million, of which $345 million is estimated to have been owned by United States investors.[1]

[1] Estimates in this paragraph are based on balance sheet data which do not correspond precisely with the calendar year.

Net sales of outstanding Canadian securities to residents of the United Kingdom during 1958 amounted to only $7 million or about 8 per cent of the total with all countries. This was in sharp contrast with the results of security trading in 1957 when net sales to the United Kingdom of $87 million represented well over 90 per cent of the net movement. In the main this change reflected reduced net sales of Canadian equities to the United Kingdom, a trend which had been evident since mid 1957. Net sales of outstanding Canadian common and preference stocks amounted to $27 million, $42 million, $17 million and $1 million in the successive quarters of 1957, totalling $87 million over the year. In 1958 the successive quarterly movements showed net repurchases of $4 million followed by net sales of $3 million, $3 million and $2 million, to total $4 million for the year as a whole. It will be recalled that in July 1957 changes were made in the foreign exchange control arrangements of the United Kingdom which reduced the facility with which residents of that country could add to their holdings of dollar securities.

Minor changes occurred in the results of trading in other types of securities. A small sales balance of $3 million occurred from trade in Canadian securities other than stocks, in contrast with the balance in 1957. This sales balance covered Government of Canada issues.

Trading of outstanding Canadian securities between Canada and countries other than the United States and United Kingdom also led to a sharply reduced sales balance in 1958 compared to 1957. The capital inflow in this form amounted to $21 million or about 25 per cent of the net movement from all countries. In 1957 the sales balance was $70 million or over 75 per cent of the net inflow from all countries. Some $31 million of the reduction occurred in the sales balance from trading in outstanding Canadian stocks, which fell from $45 million in 1957 to $14 million in 1958. The balance from transactions in other Canadian securities, mainly bonds and debentures, fell from $25 million to $7 million, as a sales balance of Government of Canada issues in 1957 was reversed in 1958, and net sales of corporate bonds and debentures fell.

New Issues and Retirements of Canadian Securities

The proceeds of new issues of Canadian securities sold to non-residents totalled $695 million, a decrease of $103 million from the record total established in 1957. The inflow was, however, $28 million higher than the earlier record of 1956. As in 1957 about 70 per cent of the movement occurred in the first half of the year. Details of the new issues sold to non-residents, classified by issuer, appear in statement 13.

Sales to non-residents of new corporate issues in 1958 fell to half their 1957 level, and a considerable part of this total represented deliveries in 1958 of bonds whose sale was arranged on a deferred delivery basis in 1957. Gross new corporate issues were about 30 per cent lower than in 1957,

again demonstrating the tendency for recourse to foreign security markets to fluctuate more widely than the volume of new corporate financing. Sales to non-residents of new issues by each level of government were larger in 1958 than in 1957. The predominant part of new governmental financing has for many decades been supplied from domestic savings, but the share met by sales to non-residents rose in 1958 compared with 1957, if the special Conversion Loan operation is omitted.

Residents of the United States bought about 90 per cent of the new issues sold to non-residents in both 1957 and 1958. The proportion of new issues of Canadian bonds and debentures sold to non-residents which provided for payment either optionally or solely in foreign currency fell from about 85 per cent in 1957 to about 80 per cent in 1958. This change reflected increased sales to non-residents of new Government of Canada direct and guaranteed issues payable in Canadian dollars.

STATEMENT 13A. Contract and Delivery Dates of New Issues of Canadian Bonds and Debentures Sold to Residents of the United States, 1957 and 1958

	1957					1958				
	IQ	IIQ	IIIQ	IVQ	Year	IQ	IIQ	IIIQ	IVQ	Year
	millions of dollars									
Sales contracts entered into during period	279	260	68	48	655	149	260	14	130	553
Add sales in earlier periods for delivery in period	80	60	77	27	118	9	32	72	5	75
Deduct sales in period for delivery later	- 126	- 53	- 20	- 2	- 75	- 1	- 42	—	- 26	- 26
Proceeds of new issues during period (included in Table I, item D4)	233	267	125	73	698	157	250	86	109	602

Note: Details of all contracts are not available and the deferred deliveries shown are probably somewhat underestimated.

Statement 13A provides a quarterly reconciliation between contracts entered into covering sales to residents of the United States of new Canadian bonds and debentures, and the delivery data appropriate for balance of payments statements. The significance of these series of data to analysts interested in the relationship of capital movements to concurrent conditions in the international capital and exchange markets was discussed briefly in the previous report in this series. It is of interest to note that undelivered issues fell from $118 million at the beginning of 1957 to $75 million at the end of that year and to $26 million at the end of 1958. This development has been largely related to the completion of some pipe line financing. Sales in earlier periods accounted for 17 per cent of the proceeds of all new issues received in 1957 and 12 per cent of the smaller total in 1958.

The growth in Canada's external liabilities from the sale to non-residents of new issues of Canadian securities is naturally somewhat greater than the proceeds derived from the transactions. The total proceeds of new issues of Canadian securities sold to residents of the United States in 1958 were $618 million. This included $16 million from the sale of Canadian stocks, $103 million from the sale of Canadian bonds and debentures payable solely or optionally in Canadian funds, and $499 million from the sale of Canadian bonds and debentures payable in United States funds only. The par value of the latter issues was $522 million, from which there was deducted about $6 million for discounts and underwriting commissions, $2 million for other expenses and $15 million for discount on the United States dollar.

Retirements of foreign-held Canadian securities totalled $156 million in 1958. This compared with $133 million in 1957. Details by debtor appear in statement 13. About 80 per cent of the foreign-owned issues retired in 1957 and nearly 85 per cent in 1958 were held by residents of the United States. In 1958 about 65 per cent of the bonds and debentures retired provided for payment optionally or solely in foreign currency in contrast to 1957 when the proportion was about 80 per cent of the smaller total.

Transactions in Foreign Securities

The net capital import from the liquidation of Canadian holdings of foreign securities amounted to $6 million in 1958, corresponding to the revised figure for 1957. Trade in outstanding foreign securities led to a capital inflow of $16 million as Canadians resold on balance $31 million of outstanding foreign stocks but purchased $15 million of foreign bonds and debentures. Purchases of new issues of foreign securities totalled $17 million, but against this outflow was $7 million received from the retirement of Canadian held foreign securities. Details of these transactions appear in statement 14.

STATEMENT 14. Transactions in Foreign Securities Between Canada and Other Countries, 1957 and 1958

A minus sign indicates an outflow of capital from Canada

Account	Trade in outstanding issues		Proceeds of new issues		Retirements		Total	
	1957	1958	1957	1958	1957	1958	1957	1958
	millions of dollars							
By type of security								
Foreign bonds and debentures	-28	-15	-16	-13	+ 6	+ 7	-38	-21
Foreign common and preference stocks	+52	+31	- 8	- 4	—	—	+44	+27
Total (Table I, items D6, 7, 8)	**+24**	**+16**	**-24**	**-17**	**+ 6**	**+ 7**	**+ 6**	**+ 6**
By country								
United States	+20	+14	-15	-13	+ 4	+ 4	+ 9	+ 5
United Kingdom	+ 2	+ 2	—	—	—	+ 1	+ 2	+ 3
Other sterling area	—	—	—	—	—	—	—	—
Other OEEC countries	+ 2	—	- 5	—	—	—	- 3	—
Other countries	—	—	- 4	- 4	+ 2	+ 2	- 2	- 2
Total (Table I, items D6, 7, 8)	**+24**	**+16**	**-24**	**-17**	**+ 6**	**+ 7**	**+ 6**	**+ 6**
By quarter								
First quarter	-12	+ 5	- 5	- 4	+ 1	+ 2	-16	+ 3
Second quarter	+15	—	- 4	- 7	+ 2	+ 1	+13	- 6
Third quarter	+13	+ 3	- 8	- 2	+ 1	+ 2	+ 6	+ 3
Fourth quarter	+ 8	+ 8	- 7	- 4	+ 2	+ 2	+ 3	+ 6
Total (Table I, items D6, 7, 8)	**+24**	**+16**	**-24**	**-17**	**+ 6**	**+ 7**	**+ 6**	**+ 6**

Loans by Government of Canada

A feature of the Canadian balance of payments in 1958 which has been absent since 1950 was the extension of Government credit to overseas Governments. Advances to India and Ceylon to cover purchases of Canadian wheat and flour totalled $34 million during the year. Repayments of principal on earlier intergovernmental loans totalled $64 million, compared with $50 million in 1957. During 1958 the Government of the United Kingdom repaid $30 million on the interest-free loan of 1942, completing repayment of the entire credit of $700 million, and also repaid $16 million on the 1946 loan; in 1957 the United Kingdom elected under the agreement to defer the scheduled principal repayment on the latter loan. Other principal repayments totalling $18 million were made during 1958 by Belgium, France, the Netherlands, and Norway.

By the end of 1958 the outstanding balances on loans of $2,484 million extended by Canada since the beginning of World War II amounted to $1,452 million, not including $44 million of deferred interest on the loan of 1946 to United Kingdom. The amount of principal outstanding on the United Kingdom loan was $1,081 million, and a further $371 million was outstanding to other overseas countries from the post-war loans made under Part II of the Export Credits Insurance Act, the special wheat and flour loans referred to above, etc. There was in addition $32 million owing to Canada on intergovernmental loans extended following World War I and on account of military relief settlements arising out of World War II. At the end of 1958 payments were overdue on the intergovernmental loans made in the inter-war years and on the post-war loan to China. These inactive loans amounted to $80 million out of the total of $1,484 million outstanding.

Change in Canadian Dollar Holdings of Foreigners

A substantial inflow of capital occurred in 1958 from increased holdings of Canadian dollars by foreigners. The balances decreased $16 million in the first quarter, increased $41 million and $90 million in the second and third, and declined $9 million, for a net increase of $106 million. This increase followed declines totalling $59 million in 1956 and 1957.

By far the largest part of the change occurred in the balances of residents of the United States which rose $35 million in the second quarter and $75 million in the third, but declined by $27 million in the final quarter for a net increase over the year of $83 million. The Budget Paper tabled in the House of Commons on April 8, 1959 revealed an increase during the twelve months ended March 31, 1959 in the Government's deposit and trust account for the United States — S.A.C. bases estimated at $43 million. This account covers funds received by Canada from the United States Government for the purpose of facilitating the placing of contracts by the Royal Canadian Air Force on behalf of the United States Air Force in respect of Strategic Air Command bases.

Canadian dollar holdings of residents of each of the other areas shown separately in Canadian balance of payments statements also rose during the year.

Total Canadian dollar holdings of all non-residents other than the International Bank for Reconstruction and Development and the International Monetary Fund amounted at the end of 1958 to about $485 million. At the end of 1950 they reached a year-end peak of $600 million and their lowest year-end level since that time was about $320 million at the end of 1953. Holdings at the end of

1958 included about $50 million of Canadian treasury bills, and about $435 million of claims in Canadian dollars on Canadian banks and other depositories.

Change in Official Holdings of Gold and Foreign Exchange

Exchange transactions of the Government of Canada, including the operations of the Exchange Fund Account, led to a substantial outflow of capital as official holdings of gold and foreign exchange were increased during 1958. The increase reversed a substantial decrease in 1957. The net outflow over 1958 amounted to $109 million, following a net inflow or return of capital of $105 million in the previous year. The acquisition by official accounts of gold and United States dollars accounted for $108 million of the movement in 1958 and the acquisition of sterling for $1 million.

In terms of United States dollars, official holdings of gold and United States funds rose from $1,828 million at the end of 1957 to $1,939 million at the end of 1958. They had fallen from $1,936 million to $1,828 million during 1957. Holdings were increased in all but two months of 1958, but the year-end total was nearly $34 million below the month-end record set in July, 1957.

Holdings of sterling are limited to working balances and were of the order of $9 million at the end of 1958.

Other Capital Movements

All other capital movements are estimated to have led to a net capital outflow of $1 million in 1958. Some details of these transactions appear in statement 15 which also shows the substantial inward balances which have resulted from this group of movements in the previous three years. The statement also reveals that the negligible balance in 1958 was the result of diverse but offsetting movements, suggesting a simplicity which could be misleading without examination of the components. The quarterly balances ranged between an inflow of $100 million in the first quarter and an outflow of $157 million in the third. The pattern of inflows over the first half of the year and outflows over the last half, which has been generally characteristic of this group of movements taken as a whole, therefore continued in 1958.

Among the components of the category in 1958 were net inflows of a long-term character totalling $84 million. The largest part of this total represented medium term bank borrowings abroad, although capital transfers by insurance companies and other transactions were also of importance. In the opposite direction was an outflow of $60 million representing the increase in bank balances and other short-term funds held abroad by Canadians (excluding official holdings). This outflow was very much smaller than in either 1956 or 1957; a large growth in holdings occurred over the first three quarters of the year, followed by a reduction in the final quarter.

STATEMENT 15. Composition of "Other Capital Movements", 1950-1958

A minus sign indicates an outflow of capital from Canada

Transaction with all countries	1952	1953	1954	1955	1956	1957	1958[4]	Total 1950-1958[5]
	millions of dollars							
Loans by Government of United Kingdom to a Canadian Corporation	22	20	–	–	–	–	–	67
Canadian subscription to International Finance Corporation	–	–	–	–	– 4	–	–	– 4
Other long-term capital transactions	– 24	– 10	29	49	152	42	84	320
Short-term Canadian dollar holdings of International Bank for Reconstruction and Development and International Monetary Fund[1]	– 1	– 18	–13	– 9	– 17	1	– 1	– 67
Bank balances and other short-term funds abroad (excluding official reserves)[2]	–168	– 79	–75	91[r]	–215[r]	–274	–60	–783
Borrowings by Canadian finance companies	35	19	11	23	64	5	17	174
All other transactions including changes in loans and accounts receivable and payable[3]	–375	–117	20	50[r]	168[r]	321	–41	353
Total (Table 1, item D17)	**–511**	**–185**	**–28**	**204**	**148**	**95**	**– 1**	**60**

[1] Includes also adjustments in Canada's subscriptions occasioned by changes in their value in terms of Canadian dollars (1950-1953 nil; from 1954, +29, –4, –1, +8, –2).
[2] Estimated partly from United States and other non-Canadian sources, as Canadian data do not cover all holdings.
[3] Includes also balancing item representing difference between direct measurements of current and capital accounts.
[4] Preliminary estimate.
[5] For annual detail 1950 and 1951 see Statement 15, "The Canadian Balance of International Payments, 1956, and International Investment Position".
[r] Revised.

Canadian finance companies repaid foreign indebtedness in the first half of the year, but borrowed heavily in the last half to increase their net outstanding debt to non-residents by $17 million over the year as a whole. There was a minor decrease of somewhat under $1 million in the short-term Canadian dollar holdings of the International Bank for Reconstruction and Development and the International Monetary Fund (after eliminating adjustments of the capital subscription). All other transactions appear to have led to an outflow of $41 million, the first outflow for any year since 1953. This category reflects the change in net loans and accounts payable. In addition to recorded receivables and payables, it includes the balancing item representing the difference between direct measurements of the revenue and capital accounts.

CANADA'S INTERNATIONAL INVESTMENT POSITION

General Review

It has been widely recognized for some years past that Canada is by far the world's largest importer of private long-term capital. The striking increase of Canada's net external indebtedness, an inevitable result of the important contribution by foreign capital to the recent rapid growth of the Canadian economy, has not been as widely recognized. The implications of this growth for the Canadian balance of payments in the future, and for the general shape and character of Canadian economic and national development have yet to be fully explored.

The most recent estimates of the Canadian balance of international indebtedness are summarized in statements 16 and 16A. Even without taking into account the short-term commercial indebtedness included in the estimates given in statement 16A, for the first time, the net liability is placed at $13 billion at the end of 1958. The growth in this figure over the past five years was greater than the entire net indebtedness accumulated since the beginning of Canadian economic history. If short-term commercial indebtedness is also taken into account, in the last four years Canada's net international indebtedness has almost doubled. In this same period Canada's Gross National Product has risen by about 30 per cent. The increase in Canada's net external indebtedness in four years has been equivalent to $1,500 for the average Canadian family.

Increases in Canada's net external indebtedness normally exceed by a considerable margin the current account deficit reported in Canadian balance of payments statements. The balance of undistributed earnings accruing to non-residents is the largest continuing factor in this difference. In 1958 the growth in net liabilities is tentatively placed at $1.6 billion, while the current account deficit was of the order of $1.1 billion. Among the more important contributing factors other than undistributed earnings was a growth of $0.1 billion in Canada's liabilities arising from appreciation in the Canadian portfolios of United States income accumulating investment funds, whose holdings are recorded at market values, and a decrease of $0.1 billion in the Canadian dollar equivalent of Canada's assets arising from the appreciation of the Canadian dollar vis-a-vis other currencies.

For some years the Canadian economy has been undergoing unprecedented growth through large new investments of capital. And this, of course, has been closely related to the changes in international indebtedness described above. Some capital inflows have been a major influence initiating the expansion, while other types of inflow have followed the high levels of economic activity. In its earlier phases expansion was most concentrated in primary resource industries and in industrial development. Much of this had the effect of expanding the export capacity of the nation. In this period the greatest increases in non-resident investments went into industry and direct investments in foreign-controlled branches and subsidiaries were the most characteristic form, although there were also substantial investments in public issues of the common stock of Canadian companies. In a later phase, and this was characteristic of 1958, high levels of investments continued but showed more concentration in meeting the needs for investments of social capital which followed the more primary investment. This has contributed to a rise in portfolio investment, particularly in provincial and municipal bonds sold outside of Canada. But even though the rate of increase in investments in industry slackened there continued to be a large rise in direct investments in that year which was greater than in any year before 1955.

The principal source of the capital inflows has been the United States and investments owned in that country made up most of the rise and some 77 per cent of total which has been accumulated. At the same time investments from the United Kingdom and other countries have also shown a sharp rise and are now greater in total than ever before.

In 1958 all long-term non-resident investments in Canada had a book value of $19.1 billion, up about 9 per cent from $17.5 billion in 1957, and comparing with rises of 15 per cent and 12 per cent respectively in 1956 and 1957. In the short span of four years there has been a rise of $6.6 billion amounting to over one-half of the value of non-resident investments in Canada in 1954.

With the United States investments the rise in the four years has also been about one-half of the total in 1954. At $14.6 billion in 1958 this total is more than twice the figure for 1951 which in turn reflected a considerable post-war growth up to then, and is not far from three times the figure in 1945.

STATEMENT 16. Canada's Balance of International Indebtedness, Selected Year Ends, 1926-1958

Item	1926	1930	1939	1945	1949	1953	1954	1955	1956	1957	1958
	billions of dollars										
Gross liabilities to other countries	6.4	8.0	7.4	7.6	8.9	12.6	13.7	14.8	17.0	18.9	20.7
Gross external assets	1.3	1.5	1.9	3.8	5.2	6.6	6.9	7.0	7.2	7.6	7.7
Net indebtedness	**5.1**	**6.5**	**5.5**	**3.9**	**3.7**	**6.0**	**6.8**	**7.8**	**9.7**	**11.3**	**13.0**

Note: For details see Table V. As figures are rounded, totals do not necessarily equal the sum of their component parts.

STATEMENT 16A. Canada's Balance of International Indebtedness, Selected Year Ends, 1945-1958

New comprehensive estimate including short-term commercial indebtedness

Item	1945	1949	1953	1954	1955	1956	1957	1958
	billions of dollars							
Gross liabilities to other countries	8.0	9.3	12.9	14.1	15.3	17.7	19.9	21.7
Gross external assets	4.0	5.5	6.9	7.2	7.4	7.7	8.1	8.2
Net indebtedness	**4.0**	**3.8**	**6.0**	**6.8**	**7.9**	**10.0**	**11.9**	**13.5**

Note: As figures are rounded, totals do not necessarily equal the sum of their component parts.

STATEMENT 17. Value of Non-Resident Owned Investments in Canada, Selected Year Ends, 1900-1958

Owned by residents of	1900[1]	1914[1]	1918[1]	1926	1930	1939	1945	1955	1956	1957	1958[2]
	millions of dollars										
United States	168	881	1,630	3,196	4,660	4,151	4,990	10,278	11,802	13,279	14,600
United Kingdom	1,050	2,778	2,729	2,637	2,766	2,476	1,750	2,356	2,668	2,916	3,100
Other countries	14	178	177	170	188	286	352	842	1,107	1,287	1,400
Total book value	**1,232**	**3,837**	**4,536**	**6,003**	**7,614**	**6,913**	**7,092**	**13,476**	**15,577**	**17,482**	**19,100**

[1] Privately estimated; for sources see Table XIII.
[2] Provisional estimate subject to revision.

STATEMENT 18. Value of United States Investments in Canada, Selected Year Ends, 1926-1958

Classification	1926	1930	1945	1949	1953	1954	1955	1956	1957	1958[2]
	millions of dollars									
Direct investment	1,403	1,993	2,304	3,095	5,206	5,787	6,516	7,394	8,476	9,200
Government and municipal bonds	909	1,205	1,450	1,534	1,870	1,822	1,639	1,871	2,059	2,373
Other portfolio investments	799	1,368	1,106	1,107	1,537	1,651	1,586	1,814	2,000	2,167
Income accumulating investment funds	—	—	—	—	—	102	170	249	255	345
Miscellaneous investments	85	94	130	170	257[1]	302	367	474	489	515
Total book value	**3,196**	**4,660**	**4,990**	**5,906**	**8,870**	**9,664**	**10,278**	**11,802**	**13,279**	**14,600**

[1] New series not strictly comparable with earlier years.
[2] Provisional estimate subject to revision.

The great rise throughout this period has been in direct investments in Canadian industry with the total of direct investments of $9.2 billion in 1958 comparing with $2.3 billion in 1945. In the same period portfolio investments have risen to $5.4 billion from $2.7 billion.

British investments in Canada of $3.1 billion in 1958 are somewhat greater than the peak level of that group of investments before the wartime repatriations. This has been due to an almost fourfold rise in British direct investments in Canada in the post-war period, although portfolio investments in recent years have also shown a marked increase. The rise in British direct investments in the last three years has shown a broadening out in the nature of investments with some large new units in more primary industries than used to be the case.

Investments in Canada owned in countries other than the United States and the United Kingdom rose to $1.4 billion in 1958. This group of investments has been rising rapidly in the 1950's and has doubled in the last four years. While direct investments have shown the most rapid growth, there has been a large rise in portfolio investments owned in these countries as well. The countries owning most of this group of investments are chiefly in Western Europe.

Canadian long-term external investments have also been rising, although the rates of growth have been more moderate in recent years than in the case of long-term non-resident owned investments in Canada. Excluding Canada's subscriptions to the capital of international financial institutions, against which there are substantial short-term liabilities, Canadian long-term external assets are placed at $4.6 billion at the end of 1958. There was, on balance, no significant change in 1958 and the total increased 2 per cent in 1956 and 4 per cent in 1957. The growth of less than 10 per cent since the end of 1954 is in sharp contrast with the growth of more than half already cited for long-term non-resident owned investments in Canada.

Nearly one-third of Canadian long-term investments abroad are in the form of Government of Canada loans and advances which are being reduced by annual principal repayments. If these intergovernmental loans are excluded, other Canadian long-term assets abroad have grown by about one-quarter since the end of 1954.

It should be borne in mind, moreover, that there is a substantial beneficial ownership by non-residents in Canadian investment abroad, and that it has been a rising proportion of the total. The following section of this report deals with this subject. It reveals that at the end of 1957 some $0.8 billion or 40 per cent of Canadian direct investment abroad, equivalent to more than a quarter of all private Canadian long-term investments abroad, was owned indirectly by non-residents.

STATEMENT 19. Non-resident Equity and Control of Canadian Direct Investments Abroad, End of 1954 and 1957

Item	End of 1954		End of 1957	
	Millions of dollars	Per cent	Millions of dollars	Per cent
Equity				
United States residents	486	30	685	33
United Kingdom residents	85	5	85	4
Other non-residents	35	2	64	3
Sub-total: non-residents	606	37	834	40
Canadian residents	1,022	63	1,244	60
Total	**1,628**	**100**	**2,078**	**100**
Control				
United States controlled Canadian companies	425	26	691	33
Other foreign controlled Canadian companies	21	1	29	2
Sub-total: foreign control	**446**	**27**	**720**	**35**
Canadian controlled companies and resident Canadian individuals	1,182	73	1,358	65
Total	**1,628**	**100**	**2,078**	**100**

Note: Values given above do not reflect ownership by non-residents held directly in the enterprises abroad.

Equity of Non-Residents in Canadian Assets Abroad

Non-residents of Canada have a substantial equity in Canadian direct investments abroad through their ownership of Canadian corporations. For this reason figures of Canadian long-term investments abroad cannot be set directly against the total of non-resident long-term investments in Canada.[1] This non-resident equity arises from foreign ownership in whole or in part of Canadian companies having subsidiaries or branches in other parts of the world. Details appear in statement 19. The total capital at the disposition of Canadian direct investment companies abroad would be larger than is indicated by the total value of Canadian direct investments abroad which reflect only investment from Canada. Some of the foreign companies concerned have in addition non-Canadian participation through ownership of their funded debt or stock.

Total direct investments abroad of Canadian companies are more relevant for many purposes than the Canadian equity. For example, it is the total capital movements and the income arising from these investments that are significant for the Canadian balance of payments. Effect on the balance of payments is one criterion for inclusion of investments abroad of Canadian companies in special situations. There are instances where investments outside Canada of Canadian companies or of branches of non-resident concerns are excluded from the statistics of Canadian direct investments abroad on the grounds that their international transactions are not of relevance to the Canadian balance of payments.

Foreign Ownership and Control of Canadian Industry

The estimates appearing in tables XII to XVI bring forward to 1956 book value data which show the relative positions of Canadian and foreign investment in Canadian industry and commerce. Later data are not yet available on the Canadian-owned portion of the investments.

The sharp increase in the rate of business fixed capital formation which occurred in 1956 was accompanied by increased non-resident ownership and control.

The non-resident-owned proportion of the manufacturing, mining, utilities and merchandising industries, taken as a group, rose to 34 per cent, an increase of two percentage points over the 32 per cent which had remained relatively unchanged since 1948. In the two year period between the end of 1954, when estimates for the petroleum and natural gas industry as a whole first became available, and the end of 1956, the proportions of this industry owned by non-residents rose from 60 per cent to 65 per cent. The proportions of manufacturing, and of mining and smelting, excluding in each case components of the petroleum and natural gas industry, each rose by one percentage point, to 48 per cent and 54 per cent respectively. On the other hand non-resident ownership of Canadian railways fell two percentage points to 33 per cent and the much smaller proportions of other utilities and of merchandising estimated to have been owned by non-residents remained unchanged.

This pattern has been broadly characteristic of the change over the thirty years now covered by comparable estimates. Proportions of Canadian manufacturing, petroleum and natural gas, and mining and smelting owned by non-residents have been increasing, but non-resident ownership of utilities has been declining relative to resident ownership. The substantial growth in government-owned hydro-electric installations and railways has contributed to the increased Canadian ownership, which in turn has been the principal factor in reducing the non-resident ownership of Canadian industry and commerce generally from 37 per cent in 1926 to 34 per cent in 1956. It should be borne in mind, however, that non-resident ownership is now more highly concentrated in the dynamic growth sectors of the economy than ever before.

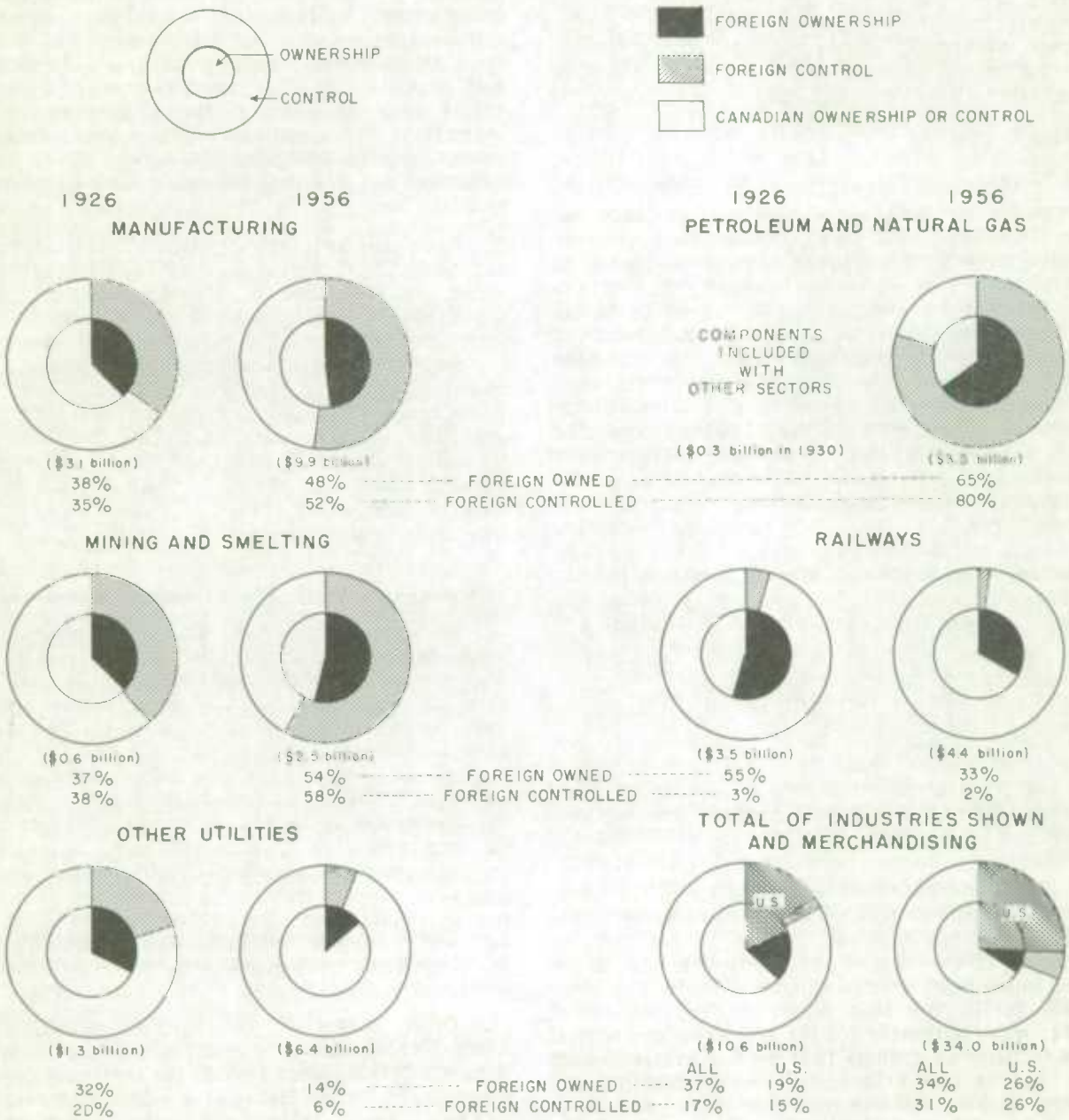
During 1956 the proportion of Canadian industry and commerce represented by companies controlled by non-residents also rose. For manufacturing, mining, utilities, and merchandising, taken as a whole, the non-resident-controlled proportion inched up a further percentage point in 1956 to 31 per cent at the year end. This compared with 25 per cent in 1948. In the two year period since the end of 1954 non-resident control of the petroleum and natural gas industry as a whole rose from 69 per cent to 80 per cent. For other mining and for other manufacturing the non-resident-controlled proportions rose respectively from 51 per cent to 58 per cent, and from 51 per cent to 52 per cent. Non-resident control of railways remained unchanged at 2 per cent and non-resident control of other utilities fell from 8 per cent to 6 per cent. Here, again, the pattern was characteristic of the development over the preceding thirty years, with significant growths of non-resident control in the manufacturing, petroleum and natural gas, and mining and smelting industries, and decreasing non-resident control in the utilities sector.

These developments are highlighted in the chart which compares ownership and control in 1926 and 1956.

Other facets of non-resident ownership and control which should be mentioned in any review of long-run developments include the increased dependence on the United States as a source of investment capital. Again taking the group manufacturing, petroleum and natural gas, mining and smelting, utilities and merchandising, ownership in 1926 was 63 per cent Canadian, 19 per cent by residents of the United States, and 18 per cent by residents of overseas countries. Thirty years later Canadian ownership accounted for 66 per cent, United States

[1] For a description of the statistical technique followed to derive estimates of foreign investment in Canada see *Canada's International Investment Position 1926-1954*, page 67.

OWNERSHIP AND CONTROL OF SELECTED CANADIAN INDUSTRIES, 1926 AND 1956



ownership for 26 per cent, and ownership by residents of overseas countries for 8 per cent. Over the full thirty years the most rapid growth in the investments was in the group owned by residents of the United States. The trend was even more pronounced in the distribution of these investments by country of control. In 1926 the industries were 83 per cent Canadian-controlled, 15 per cent United States-controlled, and 2 per cent controlled by residents of other countries. By 1956 the Canadian-controlled proportion had fallen to 69 per cent, and the proportions controlled by residents of the United States and of overseas countries had risen respectively to 26 per cent and 5 per cent. The growth in the underlying equity investments owned by non-residents which gave rise to these shifts in control has been one of the more significant features of the development of foreign investment in Canada. It has important implications for the ultimate cost to Canada of the investments and for the possibility of repatriation with the growth of Canadian savings.

These percentages of foreign ownership and control of selected Canadian industry are given in tables XII and XIV. The book value estimates on which they are based appear on table XVI, and here the non-resident contribution is again strikingly revealed. The book value of the manufacturing industry, including petroleum refining, is estimated to have doubled between 1948 and 1956. Non-resident ownership accounted for $3.4 billion of the growth, compared with the $2.3 billion represented by Canadian ownership. Non-resident-controlled manufacturing rose even more by $4.0 billion, with resident controlled manufacturing rising by $1.7 billion. For all mining and smelting, including petroleum and natural gas exploration and development, the book value rose from $1.1 billion in 1948 to $3.9 billion in 1956. Non-resident ownership and control accounted respectively for $1.9 billion and $2.1 billion of the growth, with resident ownership and control accounting respectively for $0.9 billion and $0.7 billion. Thus in manufacturing about 60 per cent of the growth over the eight years occurred in non-resident-owned investment, and about 70 per cent in non-resident-controlled investment. In mining and smelting about two-thirds of the growth was non-resident owned and three-quarters non-resident-controlled. These were of course the more dynamic sectors of the economy where non-resident activity was concentrated. In manufacturing, petroleum and natural gas, mining and smelting, utilities, merchandising and construction, as a whole, the book value of investment rose from $16.0 billion in 1948 to $34.0 billion in 1956. Non-resident-owned investments contributed $6.3 billion or somewhat more than one-third of the growth, while resident-owned investment contributed the balance of $11.7 billion or somewhat less than two-thirds. Non-resident-controlled investments accounted for $6.6 billion of the growth compared with $11.4 billion for resident-controlled investments.

It should again be emphasized that these comparisons relate only to selected Canadian industries, and that there are other broad areas of national wealth including, for example, agriculture and social capital, in which non-resident ownership and control is relatively insignificant. The financial book value series which appear in this report include land, inventories, and financial working capital in addition to capital expended on construction, machinery and equipment; for this reason and because of varying methods of reflecting capital consumption and changes in price levels, they are not directly comparable with other estimates of capital formation and of the stock of capital. As some indication of the magnitude of national wealth falling outside the areas encompassed within this report, it is of interest to note that the net stock of social capital (government, housing and institutions) has been estimated as being not greatly smaller than the net stock of industrial capital (including agriculture).[1] And there are still other important areas of Canadian wealth such as Canada's external investments, not to mention the significant savings represented by ownership of automobiles and other durables, non-industrial land and such intangible social investment as education.

More detailed industry data for the ownership and control of Canadian industry appear in table XV which covers most of the commodity-producing industries other than agriculture. In particular the figures show the marked variation in the degree of non-resident ownership and control in various types of manufacturing.[2] It should be emphasized that book value series are based on corporate classifications, and that consequently the entire investment in Canada of the corporation and its subsidiaries is normally attributed to its principal activity. In the case of some of the industrial sub-divisions shown this could have significant effects.

Foreign Financing of all Canadian Investment

Measurement of the extent to which non-residents have financed total private and public domestic investment involves difficult problems both of a conceptual and of a statistical nature. Two approaches to the question which may be of general interest have been adopted. The first is an attempt to measure the net contribution of non-residents to the savings used for all types of physical investment in Canada or, expressed differently, the extent to which Canada has drawn on or added to the resources of other countries. The second approach is concerned with the extent to which foreign capital has directly financed Canadian investment, disregarding outflows of Canadian capital to participate in investment abroad and of non-resident capital formerly brought to Canada. In each approach it is of interest to ask the extent to which non-residents have financed both gross and

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[1] Wm. C. Hood and Anthony Scott. *Output, Labour and Capital in the Canadian Economy* (A Study for the Royal Commission on Canada's Economic Prospects). pp. 450-451.

[2] It may be noted that a substantial non-resident interest has been acquired since 1956 in the primary steel industry which was previously overwhelmingly owned and controlled by Canadians.

net investment. The significance of the latter comparison lies partly in the fact that new financing from abroad is normally for additions to the stock of capital rather than for replacement. The various measures which have been used are expressed in the following formula; for further technical data the reader is referred to pages 45 to 47 of "Canada's International Investment Position 1926-1954".

A. **Use of Foreign Resources**

1 { *Current account deficit* (net), adjusted for *retained earnings* of foreign direct investments in Canada and Canadian direct investments abroad, plus *capital consumption allowances* and *depletion* on foreign direct investments in Canada

Total private and public investment in Canada, plus value of physical change in inventories

2 { As in A1 but excluding capital consumption allowances

As in A1 but net of business capital consumption allowances and miscellaneous valuation adjustments

B. **Direct Foreign Financing of Investment**

1 { *Direct investment* in Canada, plus *retained earnings* on foreign direct investments, *new issues* of Canadian securities sold to non-residents,[1] other *long-term financing*, changes in *accounts payable*, and *capital consumption allowances* and *depletion* on foreign direct investments in Canada

Total private and public domestic investment in Canada, plus value of physical change in inventories

2 { As in B1 but excluding capital consumption allowances

As in B1 but net of business capital consumption allowances and miscellaneous valuation adjustments

The results of these measurements are portrayed in the charts and summarized in statement 20. These show the substantially increased importance of non-resident investment in Canada in the 1950's to date. Over the period 1950 to 1955 Canada's net use of foreign resources amounted to one-fifth and direct foreign financing to one-third of net capital formation. And for the years 1956 to 1958 during which tremendous capital formation occurred, these ratios rose to more than one-third and more than two-fifths respectively. The two measures have special meaning. From 1956 to 1958 Canadian sources of savings were sufficiently large to finance nearly two-thirds of net capital formation (as reflected in measure A2), but they were not all used for new investment in Canada. Some Canadian savings were, for example, used for investment abroad, while other parts were used for the retirement of debts contracted abroad in earlier periods. As a consequence Canadian sources of savings directly financed a smaller part of net capital formation in Canada, with non-residents directly financing the balance of about 44 per cent as shown in measure B2. (The Canadian economy generated a part of these non-resident savings in the form of retained earnings which enlarged foreign direct investment in Canada or were allocated for its ultimate replacement.)

In the post-war 1940's (and for some years before), Canada was a net exporter of capital. From 1946 to 1949 the net use of foreign resources was negative—Canada was on balance able to invest abroad—although direct foreign financing even in that period amounted to nearly one-quarter of net capital formation. In the short period 1929-1930 foreign capital was relatively even more important than in recent times, and both the use of foreign resources and direct foreign financing appear to have represented more than one-half of net capital formation.

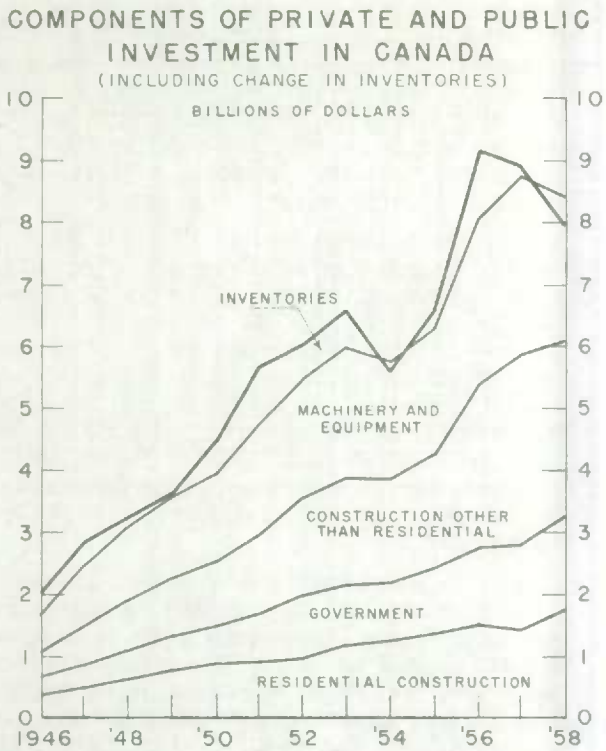
When interpreting the ratios developed in this section of this report, it should be borne in mind that they cover the whole field of private and public capital formation. The chart showing the individual components will serve to remind readers of the large elements of housing and other social capital in the financing of which foreign capital plays only a minor role. The investment series elsewhere in this report relate foreign ownership and control to the specific sectors in which it plays a particularly significant part.

A potent force underlying the differences between the measures is the direct association of particular entrepreneurial skills, techniques and objectives with large sources of savings both inside and outside Canada. These combinations may result in decisions outside the domestic economy to undertake specific investments which are quite unrelated to either the availability of domestic savings or the need to import financial capital to finance a draught on external physical resources. But detailed study of the structure of industry and of the capital market and its relationship to the mobilization and direction of domestic savings all lie beyond the field of this report.

Number of Concerns

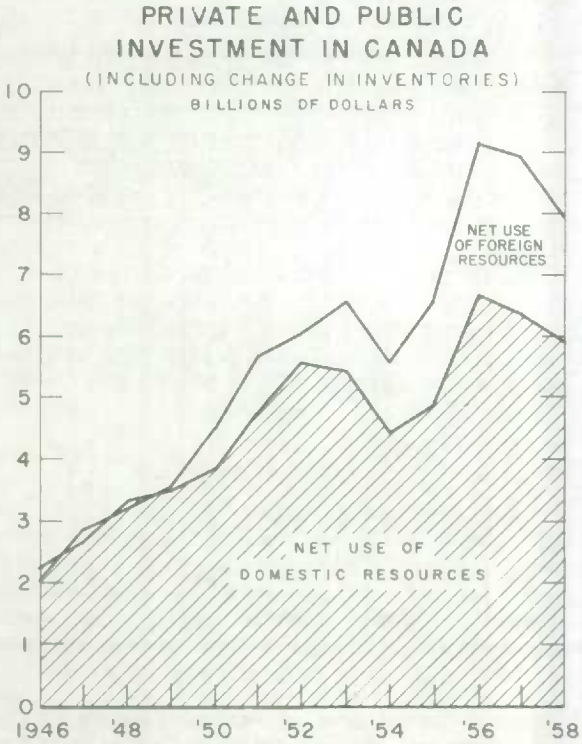
Table XI again shows the number of Canadian concerns controlled abroad, which rose to over 6,000 by the end of 1957. The increase during the year was 545. As will be seen in statement 21 the Bureau's records covered about 8,500 Canadian concerns in which non-resident capital was directly or indirectly invested in significant amounts at the end of 1957. The total number of Canadian corporations of all sorts at the beginning of that year was about 86,100. Statement 21 also shows the great corporate activity in the field of foreign investment in 1957.

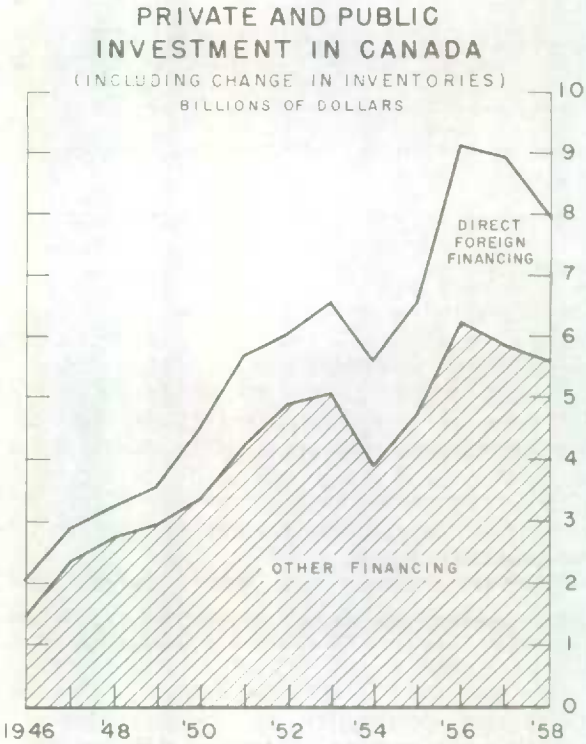
[1] Other than government borrowing of $150 million in 1948 which served to replenish official holdings of exchange.



STATEMENT 20. Foreign Financing of all Canadian Investment, 1946-1958

Measure	1946-1949	1950-1955	1956-1958
	percentages		
A Use of foreign resources as a percentage of:			
1 gross capital formation....	—	17	27
2 net capital formation	-11	19	35
B Direct foreign financing of:			
1 gross capital formation....	19	25	32
2 net capital formation	24	33	44





STATEMENT 21. Change in Recorded Number of Canadian Concerns in which Foreign Capital is Invested, 1957

Item	Controlled in					
	United States	United Kingdom	Other foreign countries	All foreign countries	Canada	Total
Number at beginning of year	4,043	1,019	398	5,460	2,156	7,616
Add						
New concerns with foreign capital	+ 380	+ 70	+ 44	+ 494	+ 121	+ 615
Transfers of control	+ 27	+ 17	+ 7	+ 51	+ 34	+ 85
Subtract						
Transfers of control	- 27	- 8	- 8	- 43	- 42	- 85
Concerns now wholly-owned by Canadians	- 14	- 6	- 4	- 24	- 27	- 51
Concerns liquidated, merged, etc.	- 130	- 26	- 13	- 169	- 40	- 209
Add						
Net formation of new Canadian subsidiaries by these concerns	+ 170	+ 55	+ 11	+ 236	+ 82	+ 318
Number at end of year (Table XI)	4,449	1,121	435	6,005	2,284	8,289

Note: These numbers exclude more than 200 non-resident owned investment corporations whose Canadian assets are measured indirectly and are a component of the "Miscellaneous Investments" group.

Ownership of Canadian Funded Debt

The estimated geographical distribution of the ownership of the outstanding long-term funded debt of Canadian governments and corporations at the end of 1958 is given in statement 22. Canadian long-term funded debt outstanding increased more than 10 per cent during 1958 from $27.9 billion to a total of $30.8 billion. At the end of 1958, government and municipal bonds accounted for $22.1 billion, or 72 per cent, more than 60 per cent of which, or $13.9 billion, was in the form of the Government of Canada issues. The total of railway and other corporation bonds amounted to $8.7 billion, or 28 per cent of the total bonds and debentures outstanding.

STATEMENT 22. Estimated Distribution of Ownership of Canadian Long-Term Funded Debt, End of 1958

Debtor	Amounts outstanding	Distribution of ownership				Percentage distribution of ownership			
		Canada	United States	United Kingdom	Other countries	Canada	United States	United Kingdom	Other countries
	millions of dollars					per cent			
Government of Canada, direct and guaranteed, excluding railways, treasury bills and notes	13,914	13,350	396	65	103	96	3	–	1
Provincial direct and guaranteed, excluding railways	5,022	3,746	1,207	47	22	75	24	1	–
Municipal	3,191	2,380	770	34	7	75	24	1	–
Sub-total Government bonds	**22,127**	**19,476**	**2,373**	**146**	**132**	**88**	**11**	**1**	**–**
Railways	1,729	1,245	165	292	27	72	9	17	2
Other corporations	6,953	4,791	1,848	207	107	69	27	3	1
Sub-total railways and corporation bonds	**8,682**	**6,036**	**2,013**	**499**	**134**	**70**	**23**	**6**	**1**
Total bonds and debentures	**30,809**	**25,512**	**4,386**	**645**	**266**	**83**	**14**	**2**	**1**

Interesting perspective on the financing of funded debt under varying economic conditions may be gained from a study of statement 23, which shows the changes in the ownership of the outstanding long-term funded debt of various classes of Canadian borrowers, divided between Canadian and non-resident lenders, for the period 1955 to 1958.

STATEMENT 23. Changes in Ownership of Canadian Long-Term Funded Debt, 1955-1958

Debtor	Change in amounts outstanding				Change in amounts outstanding owned in							
					Canada				Other countries			
	1955	1956	1957	1958	1955	1956	1957	1958	1955	1956	1957	1958
	millions of dollars											
Government of Canada, direct and guaranteed, excluding railways, treasury bills and notes	+ 425	- 519	- 57	+1,085	+ 555	-492	- 56	+1,022	-130	- 27	- 1	+ 63
Provincial, direct and guaranteed, excluding railways	+ 212	+ 466	+ 384	+ 533	+ 288	+273	+ 300	+ 422	- 76	+193	+ 84	+111
Municipal	+ 248	+ 288	+ 323	+ 370	+ 230	+188	+ 216	+ 217	+ 18	+100	+107	+153
Railways	- 83	- 73	- 36	+ 351	- 17	- 39	- 12	+ 347	- 66	- 34	- 24	+ 4
Other corporations	+ 456	+ 716	+1,213	+ 600	+ 392	+442	+ 752	+ 399	+ 64	+274	+461	+201
Sub-total provincial, municipal, railways and other corporations	+ 833	+1,397	+1,884	+1,854	+ 893	+864	+1,256	+1,385	- 60	+533	+628	+469
Total bonds and debentures	**+1,258**	**+ 878**	**+1,827**	**+2,939**	**+1,448**	**+372**	**+1,200**	**+2,407**	**-190**	**+506**	**+627**	**+532**

Note: Corresponding data for 1953 and 1954 will be found in Statement 23, "The Canadian Balance of International Payments, 1956, and International Investment Position".

Following declines in each of the two preceding years, the total of the Government of Canada bonds outstanding increased by $1,085 million in 1958, and that of railway bonds by $351 million. In contrast, the increase in other corporation bonds abated somewhat during the year, following sharp rises during the period of high investment in resource development in 1956 and 1957. The moderation in the rate of increase in 1958 was concomitant with the reduced business investment in new fixed assets during the year.

The preponderant part of the growth of Government of Canada and railway funded debt, over 95 per cent, was acquired, on balance, by Canadians while non-resident acquisitions accounted for about 30 per cent of the increase in other categories. By the end of 1958, Canadians held 96 per cent of the Government of Canada bonds, 75 per cent each of the provincial and municipal bonds, 70 per cent of railway and corporation bonds, and 83 per cent of total bonds and debentures. In 1936 when the total outstanding long-term debt was one-third of its present level, Canadians held between 70 and 75 per cent of the debt of each level of government and about 48 per cent of the railway and corporate debt, some 65 per cent of the overall total.

But along with these broad movements in aggregate debt there has been the very high rate of increase in non-resident holdings of Canadian bonds in the 1950's. In recent years non-resident holdings have risen at a higher rate than the rate of increase in the total funded debt. The total amount of issues held outside of Canada has risen from $4,138 million in 1956 to $4,765 million in 1957 and $5,297 million in 1958. A decade earlier in 1948 non-resident holdings were down to $2,924 million. In the pre war years the total had been as high as $3,983 million in 1933 but subsequent refinancing of debt in Canada and wartime repatriations led to the lower levels of the early post-war years. The sharpest increases have come in the 1950's with the resumption of borrowing through sales of new issues abroad. Some recent effects of the rises in debt held abroad are discussed in the note on the income account.

Statement 24 provides a detailed classification of the ownership of Canadian long-term funded debt by currency of payment at the end of 1954 and 1957. During this period, foreign-owned Canadian funded debt payable optionally or solely in foreign currencies rose from $2,818 million to $3,506 million, or from 11.8 per cent to 12.6 per cent of the total outstanding debt Most of this growth was ascribable to increased holdings by investors resident in the United States, of corporate (other than railway) bonds and of provincial and municipal government bonds. The largest rises took place in the issues payable in foreign currencies.

The relatively insignificant growth of $2 million which occurred in 1957 in United States holdings of Government of Canada direct issues, and the larger growth of $54 million in the following year, brought to an end an extended period of repatriation. From a peak of $1,009 million at the end of 1950, holdings were reduced each year during the next six years to $340 million at the end of 1956. In 1950 the holdings by United States residents included $357 million of issues payable in United States funds and $652 million of issues payable in Canadian funds. The reduction of holdings to $515 million at the end of 1954 reflected repatriation of $107 million of United States-pay debt and $387 million of Canadian-pay debt. In contrast further repatriation of $173 million of United States holdings over the following three years was made up of $139 million of United States-pay issues and of only $34 million of Canadian-pay issues.

STATEMENT 24. Estimated Distribution of Ownership of Canadian Long-Term Funded Debt Classification by Currency of Payment, End of 1954 and 1957

Debtor and Currency	Amounts Outstanding		Distribution of Ownership							
			Canada		United States[1]		United Kingdom		Other countries	
	1954	1957	1954	1957	1954	1957	1954	1957	1954	1957
	millions of dollars									
Government of Canada, direct and guaranteed excluding railways:										
Payable in Canadian dollars only[2]	12,570	12,487	12,214	12,139	265	231	22	25	69	92
Payable in foreign currencies only	401	342	106	189	242	111	49	39	4	3
Payable optionally in Canadian or foreign currencies	9	—	1	—	8	—	—	—	—	—
Sub-total	**12,980**	**12,829**	**12,321**	**12,328**	**515**	**342**	**71**	**64**	**73**	**95**
Provincial, direct and guaranteed excluding railways:										
Payable in Canadian dollars only	2,523	3,445	2,436	3,309	45	74	30	43	12	19
Payable in foreign currencies only	512	812	1	—	510	812	1	—	—	—
Payable optionally in Canadian or foreign currencies	392	232	26	15	359	213	7	4	—	—
Sub-total	**3,427**	**4,489**	**2,463**	**3,324**	**914**	**1,099**	**38**	**47**	**12**	**19**
Municipal:										
Payable in Canadian dollars only	1,591	2,251	1,489	2,137	72	80	26	29	4	5
Payable in foreign currencies only	284	501	13	3	267	493	3	4	1	1
Payable optionally in Canadian or foreign currencies	87	69	27	23	54	45	6	1	—	—
Sub-total	**1,962**	**2,821**	**1,529**	**2,163**	**393**	**618**	**35**	**34**	**5**	**6**
Railways:										
Payable in Canadian dollars only	895	887	850	862	30	7	7	9	8	9
Payable in foreign currencies only	422	438	—	1	133	157	287	278	2	2
Payable optionally in Canadian or foreign currencies	253	53	116	35	111	2	4	3	22	13
Sub-total	**1,570**	**1,378**	**966**	**898**	**274**	**166**	**298**	**290**	**32**	**24**
Other corporations:										
Payable in Canadian dollars only	3,193	4,957	2,779	4,321	249	371	142	186	23	79
Payable in foreign currencies only	689	1,241	9	33	664	1,180	11	12	5	16
Payable optionally in Canadian or foreign currencies	86	155	18	38	68	114	—	2	—	1
Sub-total	**3,968**	**6,353**	**2,806**	**4,392**	**981[3]**	**1,665[3]**	**153**	**200**	**28**	**96**
Total bonds and debentures:										
Payable in Canadian dollars only	20,772	24,027	19,768	22,768	661	763	227	292	116	204
Payable in foreign currencies only	2,308	3,334	129	226	1,816	2,753	351	333	12	22
Payable optionally in Canadian or foreign currencies	827	509	188	111	600	374	17	10	22	14
Total	**23,907**	**27,870**	**20,085**	**23,105**	**3,077**	**3,890**	**595**	**635**	**150**	**240**

	1954	1957
[1] Including bonds held by United States life insurance companies (aside from business in Canada):		
Government of Canada, direct and guaranteed excluding railways	144	54
Provincial, direct and guaranteed excluding railways	267	233
Municipal	219	281
Railways / Other corporations	687	781
Total	**1,317**	**1,387**
[2] Excluding treasury bills and notes	1,530	1,625
[3] Including corporate bonds held by United States parent companies and affiliates:		
Payable in Canadian dollars only	7	4
Payable in foreign currencies only	142	162
Payable optionally in Canadian or foreign currencies	39	39
Total	**188**	**205**

Miscellaneous Investments

Statement 25 provides detailed estimates of the components of the "Miscellaneous Investments" category of foreign investment in Canada. These investments include real estate, mortgage, and other assets held or administered for non-residents by trustees, agents, or nominees, private investment companies, etc. Their measurement is necessarily not as precise as the direct ownership of Canadian concerns and securities by non-residents.

It should be pointed out that many other non-resident holdings of the types of assets shown in this statement are covered, although not similarly classified, in other categories of non-resident-owned investments shown in tables VIII and IX. Mortgage debt of Canadian companies which is held directly by non-resident investors appears, for example, among "other corporation assets" in table VIII. Large amounts of real estate are owned by Canadian companies classified by industrial function in table IX, the companies formed specifically for the holding of real estate or mortgages being grouped with financial institutions. A part of the unclassified Canadian securities component of statement 25 also reflects investment in real estate holding companies.

STATEMENT 25. Detail of Foreign Investment in "Miscellaneous Investments[1]" Category End of 1952-1957

Type	End of:						Country of ownership 1957		
	1952	1953	1954	1955	1956	1957	United States	United Kingdom	Other countries
	millions of dollars								
Canadian securities	225	243	302	313	413	479	136	153	190
Mortgages on Canadian real estate	77	76	109	168	250	255	248	4	3
Real estate in Canada	120	118	115	120	125	115	90	12	13
Other investments	25	30	35	40	30	30	15	8	7
Totals as in Tables VIII and IX	**447**	**467**	**561**	**641**	**818**	**879**	**489**	**177**	**213**

[1] Real estate, mortgages, assets administered for non-residents, private investment companies, etc.

TABLE I. Current and Capital Account of the Canadian Balance of International Payments, 1957 and 1958

No.	Account	All countries		United States		United Kingdom		Other sterling area		Other OEEC countries		All other countries	
		1957	1958[1]	1957	1958[1]	1957	1958[1]	1957	1958[1]	1957	1958[1]	1957	1958[1]
		millions of dollars											
A	**Current receipts:**												
1	Merchandise exports (adjusted)	4,909	4,890	2,931	2,909	749	768	246	299	502	522	481	392
2	Mutual Aid to NATO countries	107	142	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export	147	160	147	160	—	—	—	—	—	—	—	—
4	Travel expenditures	363	349	325	309	18	18	5	6	10	11	5	5
5	Interest and dividends	154	166	95	98	10	33	22	12	12	13	15	10
6	Freight and shipping	445	401	222	206	95	84	27	24	54	46	47	41
7	Inheritances and immigrants' funds	124	91	47	48	40	17	8	7	22	14	7	5
11	All other current receipts	388	366	299	275	45	43	8	7	22	27	14	14
12	**Total current receipts**	**6,637**	**6,565**	**4,066**	**4,005**	**957**	**963**	**316**	**355**	**622**	**633**	**569**	**467**
B	**Current payments:**												
1	Merchandise imports (adjusted)	5,488	5,060	3,876	3,437	520	538	239	212	286	301	565	572
4	Travel expenditures	525	542	403	413	47	52	11	11	48	52	16	14
5	Interest and dividends	587	586	478	479	78	76	1	1	28	28	2	2
6	Freight and shipping	515	460	351	294	69	70	2	3	80	79	13	14
7	Inheritances and emigrants' funds	157	145	124	104	20	26	2	2	10	11	1	2
9	Official contributions	37	50	—	—	—	—	35	46	1	1	1	3
10	Mutual Aid to NATO countries	107	142	..	..	..	..	..	..	..	..	..	..
11	All other current payments	645	665	400	412	85	93	17	15	111	115	32	30
12	**Total current payments**	**8,061**	**7,650**	**5,634**	**5,139**	**819**	**855**	**307**	**290**	**564**	**587**	**630**	**637**
	Balance on merchandise trade	−579	−170	−947	−528	+229	+230	+7	+67	+216	+221	−84	−180
	Balance on other transactions, excluding B9	−808	−865	−621	−606	−91	−122	+37	+24	−157	−174	+24	+13
	Official contributions	−37	−50	—	—	—	—	−35	−46	−1	−1	−1	−3
C	**Current account balance**	**−1,424**	**−1,085**	**−1,568**	**−1,134**	**+138**	**+108**	**+9**	**+65**	**+58**	**+46**	**−61**	**−170**
D	**Capital account:**												
	Direct investment:												
1	Direct investment in Canada	+514	+450	+390	+331	+65	+89	+3	+6	+56	+25	—	−1
2	Direct investment abroad	−68	−20	−35	+6	+4	−5	−15	+9	−3	−7	−19	−23
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	−45	—	−70	−10	—	+3	—	—	+30	+17	−5	−10
3b	Trade in outstanding common and preference stocks	+137	+84	+5	+66	+67	+4	—	—	+45	+14	—	—
4	New issues	+798	+695	+722	+618	+59	+41	—	—	+16	+26	+1	+10
5	Retirements	−133	−156	−105	−131	−21	−15	—	—	−7	−10	—	—
	Foreign securities:												
6	Trade in outstanding issues	+24	+16	+20	+14	+2	+2	—	—	+2	—	—	—
7	New issues	−24	−17	−15	−13	—	—	—	—	−5	—	−4	−4
8	Retirements	+6	+7	+4	+4	—	+1	—	—	—	—	+2	+2
	Loans by Government of Canada:												
9	Drawings	—	−34	—	—	—	—	—	−34	—	—	—	—
10	Repayment of post-war loans	+20	+34	—	—	—	+16	—	—	+18	+18	+2	—
11	Repayment of war loans	+30	+30	—	—	+30	+30	—	—	—	—	—	—
14	Change in Canadian dollar holdings of foreigners	−35	+106	−10	+83	−18	+4	−2	+5	−3	+4	−2	+10
16	Change in official holdings of gold, U.S. dollars and sterling (increase, minus)	+105	−109	+104	−108	+1	−1	—	—	—	—	—	—
17	Other capital movements	+95	−1	+27	+14	+35	+19	−2	−7	+27	−22	+6	−5
E	**Net capital movement**	**+1,424**	**+1,065**	**+1,037**	**+874**	**+244**	**+188**	**−16**	**−21**	**+176**	**+65**	**−17**	**−21**
G	**Balance settled by exchange transfers**	—	—	**+531**	**+260**	**−382**	**−296**	**+7**	**−44**	**−234**	**−111**	**+78**	**+191**
	Total financing of current account balance (item C)	**+1,424**	**+1,085**	**+1,568**	**+1,134**	**−138**	**−108**	**−9**	**−65**	**−58**	**−46**	**+61**	**+170**

[1] Subject to revision.
.. Not available.

Notes: Other Sterling Area includes the countries of the Commonwealth, United Kingdom dependencies, and Ireland, Iraq, Iceland, Burma, Libya and Jordan. Other OEEC Countries includes all the countries participating in the Organization for European Economic Co-operation which are not also members of the sterling area: namely, Austria, Belgium, Luxembourg, Denmark, France, West Germany, Greece, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland and Turkey. The All Other Countries group includes Latin America, non-sterling area countries in Asia, continental European countries not in OEEC, the IBRD, IFC and IMF and all other countries not specified above.

A2, B10 Mutual Aid is not included in figures for countries or areas, but is included in total receipts and total payments with all countries.

D A minus sign indicates an outflow of capital from Canada. Some capital transactions with other sterling area are included under the United Kingdom, and with other overseas countries under the United States.

D17 Also includes balancing item representing unrecorded capital movements and errors and omissions.

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1958

A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958[1]
		millions of dollars												
A	**Current receipts:**													
1	Merchandise exports (adjusted)	2,393	2,723	3,030	2,989	3,139	3,950	4,339	4,152	3,929	4,332	4,837	4,909	4,890
2	Mutual Aid to NATO countries	–	–	–	–	57	145	200	246	284	222	157	107	142
3	Gold production available for export	96	99	119	139	163	150	150	144	155	155	150	147	160
4	Travel expenditures	221	251	279	285	275	274	275	302	305	328	337	363	349
5	Interest and dividends	70	64	70	83	91	115	145	165	147	160	142	154	166
6	Freight and shipping	311	322	336	303	284	351	383	318	313	398	457	445	401
7	Inheritances and immigrants' funds	65	69	84	68	57	77	85	91	89	86	99	124	91
11	All other current receipts	209	220	229	222	231	249	281	319	298	391	442	388	366
12	**Total current receipts**	**3,365**	**3,748**	**4,147**	**4,089**	**4,297**	**5,311**	**5,858**	**5,737**	**5,520**	**6,072**	**6,621**	**6,637**	**6,565**
B	**Current payments:**													
1	Merchandise imports (adjusted)	1,822	2,535	2,598	2,696	3,129	4,097	3,850	4,210	3,916	4,543	5,565	5,488	5,060
4	Travel expenditures	135	167	134	193	226	280	341	365	389	449	498	525	542
5	Interest and dividends	312	337	325	390	475	450	413	404	423	483	523	587	586
6	Freight and shipping	219	278	279	253	301	354	375	374	356	415	502	515	460
7	Inheritances and emigrants' funds	35	49	50	59	61	70	94	91	94	105	115	157	145
9	Official contributions	97	38	23	6	5	9	16	25	11	24	30	37	50
10	Mutual Aid to NATO countries	–	–	–	–	57	145	200	246	284	222	157	107	142
11	All other current payments	382	295	287	315	377	423	405	465	479	529	597	645	665
12	**Total current payments**	**3,002**	**3,699**	**3,696**	**3,912**	**4,631**	**5,828**	**5,694**	**6,180**	**5,952**	**6,770**	**7,987**	**8,061**	**7,650**
	Balance on merchandise trade	+ 571	+ 188	+ 432	+ 293	+ 10	– 147	+ 489	– 58	+ 13	– 211	– 728	– 579	– 170
	Balance on other transactions, excluding B9	– 111	– 101	+ 42	– 110	– 339	– 361	– 309	– 360	– 434	– 463	– 608	– 808	– 865
	Official contributions	– 97	– 38	– 23	– 6	– 5	– 9	– 16	– 25	– 11	– 24	– 30	– 37	– 50
C	**Current account balance**	**+ 363**	**+ 49**	**+ 451**	**+ 177**	**– 334**	**– 517**	**+ 164**	**– 443**	**– 432**	**– 698**	**–1,366**	**–1,424**	**–1,085**
D	**Capital account:**													
	Direct investment:													
1	Direct investment in Canada	+ 40	+ 61	+ 71	+ 94	+ 222	+ 309	+ 346	+ 426	+ 392	+ 417	+ 583	+ 514	+ 450
2	Direct investment abroad	– 14	+ 6	+ 15	+ 13	+ 36	– 20	– 77	– 63	– 81	– 74	– 104	– 68	– 20
	Canadian securities:													
3a	Trade in outstanding bonds and debentures	+ 194	– 13	+ 3	+ 8	+ 329	+ 38	– 166	– 52	– 66	– 165	+ 11	– 45	–
3b	Trade in outstanding common and preference stocks							+ 72	+ 21	+ 129	+ 138	+ 188	+ 137	+ 84
4	New issues	+ 218	+ 95	+ 150	+ 105	+ 210	+ 411	+ 316	+ 335	+ 331	+ 166	+ 667	+ 796	+ 695
5	Retirements	– 539	– 364	– 114	– 147	– 284	– 184	– 89	– 146	– 203	– 184	– 141	– 133	– 156
	Foreign securities:													
6	Trade in outstanding issues	+ 25	+ 1	– 7	+ 22	+ 70	+ 15	+ 12	+ 22	+ 7	+ 25	+ 20	+ 24	+ 16
7	New issues	– 4	– 3	– 3	– 4	– 2	– 3	– 20	– 23	– 33	– 48	– 18	– 24	– 17
8	Retirements	+ 13	+ 7	+ 2	+ 2	+ 8	+ 3	–	+ 1	+ 2	+ 17	–	+ 6	+ 7
	Loans by Government of Canada:													
9	Drawings	– 750	– 565	– 142	– 120	– 50	–	–	–	–	–	–	–	– 34
10	Repayment of post-war loans	–	+ 2	+ 16	+ 13	+ 23	+ 34	+ 33	+ 37	+ 42	+ 39	+ 39	+ 20	+ 34
11	Repayment of war loans	+ 94	+ 109	+ 64	+ 5	+ 51	+ 34	+ 23	+ 50	+ 30	+ 30	+ 30	+ 30	+ 30
14	Change in Canadian dollar holdings of foreigners	+ 70	– 26	– 21	+ 40	+ 233	– 192	– 66	– 18	+ 34	+ 89	– 24	– 35	+ 106
16	Change in official holdings of gold and foreign exchange (increase, minus)	+ 267	+ 742	– 492	– 128	– 722	– 56	– 37	+ 38	– 124	+ 44	– 33	+ 105	– 109
17	Other capital movements	+ 23	– 101	+ 7	– 80	+ 210	+ 128	– 511	– 185	– 28	+ 204	+ 148	+ 95	– 1
E	**Net capital movement**	**– 363**	**– 49**	**– 451**	**– 177**	**+ 334**	**+ 517**	**– 164**	**+ 443**	**+ 432**	**+ 698**	**+1,366**	**+1,424**	**+1,085**

[1] Subject to revision.

Notes:
AB 11 Includes receipts of $24 million and payments of $127 million for war services in 1946.
D17 Includes for years 1946 to 1950 transactions shown separately under items D 12, 13, and 15 in "The Canadian Balance of International Payments in the Post-War Years, 1946-1952".
A–G For other notes applicable to this table see notes to Table I.

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1958 — Continued

B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958[1]
		millions of dollars												
A	**Current receipts:**													
1	Merchandise exports (adjusted)	948	1,061	1,508	1,521	2,046	2,326	2,346	2,458	2,355	2,598	2,854	2,931	2,909
2	Gold production available for export	96	99	119	139	163	150	150	144	155	155	150	147	160
4	Travel expenditures	216	241	267	267	260	258	257	282	283	303	309	325	309
5	Interest and dividends	47	36	37	40	50	57	85	101	69	78	80	95	98
6	Freight and shipping	101	104	131	126	157	164	174	164	169	203	223	222	206
7	Inheritances and immigrants' funds	19	18	18	18	31	32	38	41	42	45	45	47	48
11	All other current receipts	140	153	167	158	170	191	224	253	233	316	354	299	275
12	**Total current receipts**	**1,567**	**1,712**	**2,247**	**2,269**	**2,877**	**3,178**	**3,274**	**3,443**	**3,306**	**3,700**	**4,015**	**4,066**	**4,005**
B	**Current payments:**													
1	Merchandise imports (adjusted)	1,378	1,951	1,797	1,899	2,093	2,842	2,817	3,046	2,800	3,283	4,021	3,878	3,437
4	Travel expenditures	130	152	113	165	193	246	294	307	320	363	391	403	413
5	Interest and dividends	250	274	267	325	411	382	344	334	345	388	427	478	479
6	Freight and shipping	169	221	213	193	240	276	302	296	261	287	351	351	294
7	Inheritances and emigrants' funds	31	37	37	44	47	55	77	74	75	82	94	124	104
11	All other current payments	216	211	213	244	293	328	289	290	312	332	370	400	412
12	**Total current payments**	**2,174**	**2,846**	**2,640**	**2,870**	**3,277**	**4,129**	**4,123**	**4,347**	**4,113**	**4,735**	**5,654**	**5,634**	**5,139**
	Balance on merchandise trade	− 430	− 890	− 289	− 378	− 47	− 516	− 471	− 588	− 445	− 685	−1,167	− 947	− 528
	Balance on other transactions	− 177	− 244	− 104	− 223	− 353	− 435	− 378	− 316	− 362	− 350	− 472	− 621	− 606
C	**Current account balance**	**− 607**	**−1,134**	**− 393**	**− 601**	**− 400**	**− 951**	**− 849**	**− 904**	**− 807**	**−1,035**	**−1,639**	**−1,568**	**−1,134**
D	**Capital account:**													
	Direct investment:													
1	Direct investment in Canada	+ 38	+ 58	+ 61	+ 84	+ 200	+ 270	+ 319	+ 346	+ 288	+ 306	+ 406	+ 390	+ 331
2	Direct investment abroad	− 7	+ 6	+ 15	+ 16	+ 41	− 4	− 42	− 33	− 46	− 56	− 70	− 35	+ 6
	Canadian securities:													
3a	Trade in outstanding bonds and debentures	+ 241	− 3	+ 5	+ 25	+ 362	+ 20	− 170	− 85	− 87	− 159	− 35	− 70	− 10
3b	Trade in outstanding common and preference stocks							+ 66	+ 5	+ 87	+ 92	+ 69	+ 5	+ 66
4	New issues	+ 218	+ 95	+ 150	+ 105	+ 210	+ 404	+ 315	+ 322	+ 299	+ 127	+ 601	+ 722	+ 618
5	Retirements	− 460	− 313	− 96	− 136	− 263	− 159	− 75	− 132	− 184	− 169	− 133	− 105	− 131
	Foreign securities:													
6	Trade in outstanding issues	+ 21	− 2	− 9	+ 19	+ 66	+ 18	+ 9	+ 20	+ 6	+ 31	+ 10	+ 20	+ 14
7	New issues	− 4	− 3	− 3	− 4	− 2	− 3	− 5	− 18	− 3	− 8	− 13	− 15	− 13
8	Retirements	+ 6	+ 3	+ 1	+ 1	+ 7	+ 2	—	+ 1	+ 1	+ 2	—	+ 4	+ 4
14	Change in Canadian dollar holdings of foreigners	+ 27	− 3	− 14	− 8	+ 89	− 53	− 37	− 1	+ 19	+ 68	− 48	− 10	+ 83
16	Change in official holdings of gold and U.S. dollars (increase, minus)	+ 251	+ 743	− 496	− 134	− 694	− 39	− 80	+ 42	− 121	+ 42	− 34	+ 104	− 108
17	Other capital movements	—	− 76	+ 1	− 38	+ 249	+ 59	− 458	− 223	+ 18	+ 151	+ 103	+ 27	+ 14
E	**Net capital movement**	**+ 331**	**+ 505**	**− 385**	**− 70**	**+ 267**	**+ 515**	**− 158**	**+ 244**	**+ 277**	**+ 425**	**+ 856**	**+1,037**	**+ 874**
G	**Balance settled by exchange transfers**	**+ 276**	**+ 629**	**+ 778**	**+ 671**	**+ 133**	**+ 436**	**+1,007**	**+ 660**	**+ 530**	**+ 610**	**+ 783**	**+ 531**	**+ 260**
	Total financing of current account balance (item C)	**+ 607**	**+1,134**	**+ 393**	**+ 601**	**+ 400**	**+ 951**	**+ 849**	**+ 904**	**+ 807**	**+1,035**	**+1,639**	**+1,568**	**+1,134**

[1] Subject to revision.

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946 - 1958 — Continued

C. BETWEEN CANADA AND THE UNITED KINGDOM

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958[1]
		millions of dollars												
A	**Current receipts:**													
1	Merchandise exports (adjusted)	626	749	703	701	469	636	727	656	660	772	818	749	768
4	Travel expenditures	3	7	9	11	7	8	10	12	13	13	14	13	18
5	Interest and dividends	7	8	9	9	6	30	29	28	35	41	14	10	33
6	Freight and shipping	107	114	105	89	61	91	105	79	73	97	98	95	84
7	Inheritances and immigrants' funds	45	47	52	38	12	14	20	18	19	20	24	40	17
11	All other current receipts	52	42	44	49	35	42	34	37	36	39	47	45	43
12	**Total current receipts**	**840**	**967**	**922**	**897**	**590**	**821**	**925**	**830**	**836**	**982**	**1,015**	**957**	**963**
B	**Current payments:**													
1	Merchandise imports (adjusted)	138	182	287	300	399	417	350	463	391	406	493	520	538
4	Travel expenditures	3	9	12	17	19	20	27	31	35	40	46	47	52
5	Interest and dividends	54	53	50	55	54	57	56	57	62	75	73	78	76
6	Freight and shipping	32	32	34	32	36	43	42	42	39	49	59	69	70
7	Inheritances and emigrants' funds	3	8	7	10	10	10	12	12	13	16	14	20	26
11	All other current payments	110	50	46	37	48	51	50	92	67	66	78	85	93
12	**Total current payments**	**340**	**334**	**436**	**451**	**566**	**598**	**537**	**697**	**607**	**652**	**763**	**819**	**855**
	Balance on merchandise trade	+488	+567	+416	+401	+ 70	+219	+377	+193	+269	+366	+325	+229	+230
	Balance on other transactions	+ 12	+ 66	+ 70	+ 45	− 46	+ 4	+ 11	− 60	− 40	− 36	− 73	− 91	−122
C	**Current account balance**	**+500**	**+633**	**+486**	**+446**	**+ 24**	**+223**	**+388**	**+133**	**+229**	**+330**	**+252**	**+138**	**+108**

D. BETWEEN CANADA AND OTHER STERLING AREA COUNTRIES

A	**Current receipts:**													
1	Merchandise exports (adjusted)	269	366	293	300	201	265	293	251	206	254	256	246	299
4	Travel expenditures	1	1	1	2	3	3	3	3	3	4	4	5	6
5	Interest and dividends	2	6	4	4	8	4	7	13	17	21	21	22	12
6	Freight and shipping	34	39	34	30	18	23	20	18	18	27	29	27	24
7	Inheritances and immigrants' funds	—	1	2	1	1	3	3	4	4	4	5	8	7
11	All other current receipts	3	3	4	3	3	3	5	7	7	8	9	8	7
12	**Total current receipts**	**309**	**416**	**338**	**340**	**234**	**301**	**331**	**296**	**255**	**318**	**324**	**316**	**355**
B	**Current payments:**													
1	Merchandise imports (adjusted)	129	160	192	187	244	310	185	172	183	211	222	239	212
4	Travel expenditures	1	3	4	4	5	5	5	6	7	8	8	11	11
5	Interest and dividends	1	1	1	1	—	—	—	—	—	1	1	1	1
6	Freight and shipping	6	5	7	5	3	5	5	6	3	3	3	2	3
7	Inheritances and emigrants' funds	—	—	1	2	1	1	1	1	1	1	1	2	2
9	Official contributions	5	—	—	—	—	—	15	18	8	22	28	35	46
11	All other current payments	3	5	4	6	4	4	6	10	9	12	13	17	15
12	**Total current payments**	**145**	**174**	**209**	**205**	**257**	**325**	**217**	**213**	**211**	**258**	**276**	**307**	**290**
	Balance on merchandise trade	+140	+206	+101	+113	− 43	− 45	+108	+ 79	+ 23	+ 43	+ 34	+ 7	+ 87
	Balance on other transactions, excluding B9	+ 29	+ 36	+ 28	+ 22	+ 20	+ 21	+ 21	+ 22	+ 29	+ 39	+ 42	+ 37	+ 24
	Official contributions	− 5	—	—	—	—	—	− 15	− 18	− 8	− 22	− 28	− 35	− 46
C	**Current account balance**	**+164**	**+242**	**+129**	**+135**	**− 23**	**− 24**	**+114**	**+ 83**	**+ 44**	**+ 60**	**+ 48**	**+ 9**	**+ 65**

[1] Subject to revision.

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946 - 1958 — Concluded

E. BETWEEN CANADA AND THE UNITED KINGDOM AND OTHER STERLING AREA COUNTRIES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958[1]
		millions of dollars												
C	**Current account balance**	**+664**	**+875**	**+615**	**+581**	**+ 1**	**+199**	**+502**	**+216**	**+273**	**+390**	**+300**	**+147**	**+173**
D	**Capital account:**													
	Direct investment:													
1	Direct investment in Canada	+ 2	+ 3	+ 10	+ 13	+ 19	+ 30	+ 15	+ 45	+ 75	+ 68	+ 98	+ 68	+ 95
2	Direct investment abroad	− 10	− 3	− 2	− 3	− 4	− 6	− 19	− 22	− 23	− 9	− 27	− 11	+ 4
	Canadian securities:													
3a	Trade in outstanding bonds and debentures	− 48	− 11	− 4	− 16	− 35	− 16	+ 3	+ 20	—	− 2	+ 11	—	+ 3
3b	Trade in outstanding common and preference stocks							− 6	+ 7	+ 21	+ 28	+ 72	+ 87	+ 4
4	New issues	—	—	—	—	—	+ 7	+ 1	+ 7	+ 20	+ 15	+ 36	+ 59	+ 41
5	Retirements	− 77	− 42	− 14	− 10	− 19	− 24	− 9	− 11	− 17	− 11	− 2	− 21	− 15
	Foreign securities:													
6	Trade in outstanding issues	+ 1	+ 3	+ 2	+ 2	+ 1	—	+ 3	+ 3	+ 2	− 9	+ 4	+ 2	+ 2
7	New issue	—	—	—	—	—	—	—	—	− 1	− 21	—	—	—
8	Retirements	+ 5	+ 1	+ 1	+ 1	+ 1	+ 1	—	—	+ 1	—	—	—	+ 1
	Loans by Government of Canada:													
9	Drawings	−540	−423	− 52	−120	− 50	—	—	—	—	—	—	—	− 34
10	Repayment of post-war loans	—	—	—	—	—	+ 14	+ 14	+ 14	+ 15	+ 15	+ 15	—	+ 16
11	Repayment of war loans	+ 89	+104	+ 64	+ 5	+ 51	+ 34	+ 23	+ 50	+ 30	+ 30	+ 30	+ 30	+ 30
14	Change in Canadian dollar holdings of foreigners	+ 32	− 4	− 20	+ 62	+116	−128	− 22	− 17	+ 6	+ 11	+ 14	− 20	+ 9
16	Change in official holding of sterling (increase, minus)	+ 16	− 1	+ 4	+ 6	− 28	− 17	+ 43	− 4	− 3	+ 2	+ 1	+ 1	− 1
17	Other capital movements	+ 39	+ 16	+ 18	− 27	− 39	+ 82	− 62	+ 37	− 32	+ 60	+ 9	+ 33	+ 12
E	**Net capital movement**	**−491**	**−357**	**+ 7**	**− 87**	**+ 13**	**− 23**	**− 16**	**+129**	**+ 94**	**+177**	**+261**	**+228**	**+167**
G	**Balance settled by exchange transfers:**													
	Official settlements	−150	−505	−597	−466	+ 4	−165	−486	−345	−367	−567	−561	−375	−340
	Private settlements	− 23	−13	− 25	− 28	− 16	− 11							
	Total financing of current account balance (item C)	**−664**	**−875**	**−615**	**−581**	**− 1**	**−199**	**−502**	**−216**	**−273**	**−390**	**−300**	**−147**	**−173**

[1] Subject to revision.

TABLE III. Current Account Between Canada and All Countries, 1926 - 1958

Year	Current receipts[1]	Current payments[2]	Net balance including Mutual Aid exports	Wartime Grants and Mutual Aid	Net balance on current account indicating net movement of capital
	millions of dollars				
1926	1,665	1,538	+ 127	—	+ 127
1927	1,633	1,643	− 10	—	− 10
1928	1,788	1,820	− 32	—	− 32
1929	1,646	1,957	− 311	—	− 311
1930	1,297	1,634	− 337	—	− 337
1931	972	1,146	− 174	—	− 174
1932	808	904	− 96	—	− 96
1933	829	831	− 2	—	− 2
1934	1,020	952	+ 68	—	+ 68
1935	1,145	1,020	+ 125	—	+ 125
1936	1,430	1,186	+ 244	—	+ 244
1937	1,593	1,413	+ 180	—	+ 180
1938	1,361	1,261	+ 100	—	+ 100
1939	1,457	1,331	+ 126	—	+ 126
1940	1,776	1,627	+ 149	—	+ 149
1941	2,456	1,967	+ 491	—	+ 491
1942	3,376	2,275	+1,101	−1,002	+ 99
1943	4,064	2,858	+1,206	− 518	+ 688
1944	4,557	3,539	+1,018	− 960	+ 58
1945	4,456	2,910	+1,546	− 858	+ 688
1946	3,365	2,905	+ 460	− 97	+ 363
1947	3,748	3,699	+ 49	—	+ 49
1948	4,147	3,696	+ 451	—	+ 451
1949	4,089	3,912	+ 177	—	+ 177
1950	4,297	4,574	− 277	− 57	− 334
1951	5,311	5,683	− 372	− 145	− 517
1952	5,858	5,494	+ 364	− 200	+ 164
1953	5,737	5,934	− 197	− 246	− 443
1954	5,520	5,668	− 148	− 284	− 432
1955	6,072	6,548	− 476	− 222	− 698
1956	6,621	7,830	−1,209	− 157	−1,366
1957	6,637	7,954	−1,317	− 107	−1,424
1958[3]	6,565	7,508	− 943	− 142	−1,085

[1] Including Mutual Aid exports.
[2] Excluding Mutual Aid offsets.
[3] Subject to revision.

TABLE IV. Quarterly Estimates of the Canadian Balance of International Payments, 1956 - 1958

A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1956 I	1956 II	1956 III	1956 IV	1957 I	1957 II	1957 III	1957 IV	1958[1] I	1958[1] II	1958[1] III	1958[1] IV
		millions of dollars											
A	**Current receipts:**												
1	Merchandise exports (adjusted)	1,051	1,262	1,247	1,277	1,102	1,215	1,308	1,284	1,088	1,277	1,218	1,307
3	Gold production available for export	37	40	38	35	39	31	27	50	44	39	39	38
4	Travel expenditures	26	65	191	55	31	76	197	59	32	76	186	55
5	Interest and dividends	37	39	25	41	25	39	32	58	31	34	29	72
6	Freight and shipping	102	115	120	120	108	117	117	103	98	102	98	103
7	Inheritances and immigrants' funds	17	28	26	28	25	42	34	23	18	27	26	20
11	All other current receipts	94	114	110	124	110	104	89	85	94	88	85	99
12	**Total current receipts**	**1,364**	**1,663**	**1,757**	**1,680**	**1,440**	**1,624**	**1,804**	**1,662**	**1,405**	**1,643**	**1,681**	**1,694**
B	**Current payments:**												
1	Merchandise imports (adjusted)	1,245	1,542	1,351	1,427	1,328	1,518	1,350	1,292	1,151	1,354	1,206	1,349
4	Travel expenditures	93	133	169	103	100	142	178	105	100	140	191	111
5	Interest and dividends	115	110	128	170	122	155	137	173	116	133	141	196
6	Freight and shipping	99	134	132	137	113	147	135	120	95	114	127	124
7	Inheritances and emigrants' funds	25	28	31	31	33	37	43	44	29	36	39	41
9	Official contributions	9	10	5	8	5	8	7	17	11	16	12	11
11	All other current payments	148	142	157	150	163	163	155	164	170	173	163	159
12	**Total current payments**	**1,734**	**2,099**	**1,973**	**2,024**	**1,864**	**2,170**	**2,005**	**1,915**	**1,672**	**1,966**	**1,879**	**1,991**
	Balance on merchandise trade	− 194	− 280	− 104	− 150	− 226	− 303	− 42	− 8	− 63	− 77	+ 12	− 42
	Balance on other transactions, excluding B9	− 167	− 146	− 107	− 188	− 193	− 235	− 152	− 228	− 193	− 230	− 198	− 244
	Official contributions	− 9	− 10	− 5	− 6	− 5	− 8	− 7	− 17	− 11	− 16	− 12	− 11
C	**Current account balance**	**− 370**	**− 436**	**− 216**	**− 344**	**− 424**	**− 546**	**− 201**	**− 253**	**− 267**	**− 323**	**− 198**	**− 297**
D	**Capital account:**												
	Direct investment:												
1	Direct investment in Canada	+ 119	+ 167	+ 116	+ 161	+ 98	+ 155	+ 133	+ 128	+ 97	+ 106	+ 105	+ 142
2	Direct investment abroad	− 68	− 4	− 23	− 11	− 18	− 21	− 21	− 8	− 15	− 16	+ 14	− 3
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	+ 46	− 14	− 8	− 13	− 10	− 4	− 15	− 16	− 3	− 12	− 6	+ 21
3b	Trade in outstanding common and preference stocks	+ 29	+ 54	+ 76	+ 29	+ 40	+ 48	+ 43	+ 6	+ 3	+ 16	+ 34	+ 31
4	New issues	+ 112	+ 176	+ 179	+ 200	+ 274	+ 295	+ 144	+ 85	+ 175	+ 292	+ 100	+ 128
5	Retirements	− 71	− 23	− 25	− 22	− 42	− 25	− 36	− 30	− 29	− 51	− 24	− 52
	Foreign securities:												
6	Trade in outstanding issues	− 16	+ 8	+ 8	+ 22	− 12	+ 15	+ 13	+ 8	+ 5	—	+ 3	+ 8
7	New issues	− 2	− 6	− 4	− 6	− 5	− 4	− 8	− 7	− 4	− 7	− 2	− 4
8	Retirements	—	—	—	—	+ 1	+ 2	+ 1	+ 2	+ 2	+ 1	+ 2	+ 2
	Loans by Government of Canada:												
9	Drawings	—	—	—	—	—	—	—	—	− 16	− 8	—	− 10
10	Repayment of post-war loans	—	+ 13	—	+ 26	—	+ 11	—	+ 9	—	+ 9	—	+ 25
11	Repayment of war loans	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 6
14	Change in Canadian dollar holdings of foreigners	− 22	− 5	− 2	+ 5	− 33	− 27	+ 7	+ 18	− 16	+ 41	+ 90	− 9
16	Change in official holdings of gold and foreign exchange (increase, minus)	+ 30	− 31	− 5	− 27	+ 13	− 22	+ 53	+ 61	− 39	− 52	+ 32	− 50
17	Other capital movements	+ 206	+ 93	− 103	− 48	+ 111	+ 115	− 120	− 11	+ 100	− 4	− 157	+ 60
E	**Net capital movement**	**+ 370**	**+ 436**	**+ 216**	**+ 344**	**+ 424**	**+ 546**	**+ 201**	**+ 253**	**+ 267**	**+ 323**	**+ 198**	**+ 297**

[1] Subject to revision.

Notes: Quarterly totals in the account with all countries will not add to annual totals in Table I and Table IIA since Mutual Aid to NATO countries is not distributed by quarters.

For other notes applicable to this table see notes to Table I.

TABLE IV. Quarterly Estimates of the Canadian Balance of International Payments, 1956-1958 – Continued

B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1956 I	1956 II	1956 III	1956 IV	1957 I	1957 II	1957 III	1957 IV	1958[1] I	1958[1] II	1958[1] III	1958[1] IV
		millions of dollars											
A	**Current receipts:**												
1	Merchandise exports (adjusted)	640	719	733	762	654	725	794	758	650	720	757	782
3	Gold production available for export	37	40	38	35	39	31	27	50	44	39	39	38
4	Travel expenditures	24	58	181	48	27	64	184	50	28	62	171	48
5	Interest and dividends	28	18	16	18	19	19	25	32	21	21	19	37
6	Freight and shipping	48	56	60	59	53	59	61	49	49	51	55	51
7	Inheritances and immigrants' funds	9	12	12	12	9	13	14	11	10	13	14	11
11	All other current receipts	74	91	90	99	88	93	67	61	72	66	61	76
12	**Total current receipts**	**860**	**992**	**1,130**	**1,033**	**889**	**994**	**1,172**	**1,011**	**874**	**972**	**1,116**	**1,043**
B	**Current payments:**												
1	Merchandise imports (adjusted)	935	1,119	937	1,030	1,000	1,084	919	875	828	926	798	885
2	Travel expenditures	75	104	132	80	79	112	134	78	80	113	136	84
5	Interest and dividends	87	92	103	145	90	135	107	146	82	114	112	171
6	Freight and shipping	66	94	95	96	73	102	95	81	57	73	86	78
7	Inheritances and emigrants' funds	22	22	25	25	28	29	34	33	23	24	28	29
11	All other current payments	89	92	97	92	96	101	98	105	100	106	104	102
12	**Total current payments**	**1,274**	**1,523**	**1,389**	**1,468**	**1,366**	**1,563**	**1,387**	**1,318**	**1,170**	**1,358**	**1,264**	**1,349**
C	**Current account balance**	**– 414**	**– 531**	**– 259**	**– 435**	**– 477**	**– 569**	**– 215**	**– 307**	**– 296**	**– 384**	**– 148**	**– 306**
D	**Capital account:**												
	Direct investment:												
1	Direct investment in Canada	+ 78	+ 100	+ 76	+ 152	+ 79	+ 104	+ 107	+ 100	+ 70	+ 85	+ 64	+ 112
2	Direct investment abroad	– 57	+ 7	– 16	– 4	– 8	– 11	– 9	– 7	– 3	– 10	+ 16	+ 1
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	+ 33	– 25	– 17	– 26	– 19	– 11	– 15	– 25	– 7	– 6	– 8	+ 11
3b	Trade in outstanding common and preference stocks	+ 22	+ 27	+ 24	– 4	+ 5	– 10	+ 7	+ 3	+ 7	+ 10	+ 26	+ 23
4	New issues	+ 107	+ 160	+ 166	+ 168	+ 247	+ 275	+ 126	+ 74	+ 160	+ 255	+ 90	+ 113
5	Retirements	– 67	– 22	– 23	– 21	– 27	– 21	– 32	– 25	– 27	– 42	– 22	– 40
	Foreign securities:												
6	Trade in outstanding issues	– 20	+ 6	+ 5	+ 19	– 13	+ 15	+ 11	+ 7	+ 4	–	+ 4	+ 8
7	New issues	– 1	– 4	– 4	– 4	– 4	– 3	– 3	– 5	– 4	– 8	– 1	– 2
8	Retirements	–	–	–	–	+ 1	+ 1	+ 1	+ 1	+ 1	+ 1	+ 1	+ 1
14	Change in Canadian dollar holdings of foreigners	– 38	– 6	+ 10	– 14	– 2	– 15	+ 3	+ 4	–	+ 35	+ 75	– 27
16	Change in official holdings of gold and U.S. dollars (increase, minus)	+ 29	– 28	– 4	– 31	+ 12	– 17	+ 49	+ 60	– 39	– 52	+ 33	– 50
17	Other capital movements	+ 184	+ 74	– 99	– 56	+ 94	+ 104	– 151	– 20	+ 94	+ 12	– 159	+ 67
E	**Net capital movement**	**+ 270**	**+ 289**	**+ 118**	**+ 179**	**+ 365**	**+ 411**	**+ 94**	**+ 167**	**+ 256**	**+ 282**	**+ 121**	**+ 215**
G	**Balance settled by exchange transfers**	**+ 144**	**+ 242**	**+ 141**	**+ 256**	**+ 112**	**+ 158**	**+ 121**	**+ 140**	**+ 40**	**+ 102**	**+ 27**	**+ 91**
	Total financing of current account balance (item C)	**+ 414**	**+ 531**	**+ 259**	**+ 435**	**+ 477**	**+ 569**	**+ 215**	**+ 307**	**+ 296**	**+ 384**	**+ 148**	**+ 306**

[1] Subject to revision.

TABLE IV. Quarterly Estimates of the Canadian Balance of International Payments, 1956 - 1958 – Continued

C. BETWEEN CANADA AND THE UNITED KINGDOM

No.	Account	1956				1957				1958[1]			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
		millions of dollars											
A	**Current receipts:**												
1	Merchandise exports (adjusted)	180	199	220	219	163	180	212	194	157	206	192	213
4	Travel expenditures	1	5	5	3	2	6	7	3	2	7	7	2
5	Interest and dividends	2	3	3	6	3	2	2	3	2	2	3	26
6	Freight and shipping	24	25	25	24	21	27	24	23	21	22	19	22
7	Inheritances and immigrants' funds	4	6	7	7	8	15	11	6	4	4	5	4
11	All other current receipts	11	12	11	13	12	11	11	11	11	10	11	11
12	**Total current receipts**	**222**	**250**	**271**	**272**	**209**	**241**	**267**	**240**	**197**	**251**	**237**	**278**
B	**Current payments:**												
1	Merchandise imports (adjusted)	97	149	128	119	114	144	132	130	113	157	127	141
4	Travel expenditures	6	14	16	10	6	12	18	11	7	9	26	10
5	Interest and dividends	23	13	20	17	25	13	22	18	26	11	22	17
6	Freight and shipping	12	16	14	17	16	18	17	18	17	18	17	18
7	Inheritances and emigrants' funds	2	4	4	4	2	5	6	7	3	7	8	8
11	All other current payments	19	20	20	19	23	21	20	21	27	25	21	20
12	**Total current payments**	**159**	**216**	**202**	**186**	**186**	**213**	**215**	**205**	**193**	**227**	**221**	**214**
C	**Current account balance**	**+ 63**	**+ 34**	**+ 69**	**+ 86**	**+ 23**	**+ 28**	**+ 52**	**+ 35**	**+ 4**	**+ 24**	**+ 16**	**+ 64**
D	**Capital account:**												
	Direct investment:												
1	Direct investment in Canada	+ 14	+ 39	+ 28	+ 17	+ 8	+ 23	+ 15	+ 19	+ 19	+ 15	+ 34	+ 21
2	Direct investment abroad	– 1	–	– 1	– 1	+ 1	+ 1	+ 1	+ 1	– 3	– 2	– 1	+ 1
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	+ 2	+ 3	+ 3	+ 3	+ 1	+ 2	– 5	+ 2	–	– 1	–	+ 4
3b	Trade in outstanding common and preference stocks	+ 1	+ 16	+ 35	+ 20	+ 27	+ 42	+ 17	+ 1	– 4	+ 3	+ 3	+ 2
4	New issues	+ 3	+ 10	+ 9	+ 14	+ 23	+ 13	+ 14	+ 9	+ 11	+ 18	+ 4	+ 8
5	Retirements	–	– 1	–	– 1	– 14	– 2	– 1	– 4	– 1	– 6	– 1	– 7
	Foreign securities:												
6	Trade in outstanding issues	+ 1	–	+ 2	+ 1	+ 1	– 1	+ 1	+ 1	+ 1	–	–	+ 1
7	New issues	–	–	–	–	–	–	–	–	–	–	–	–
8	Retirements	–	–	–	–	–	–	–	–	+ 1	–	–	–
	Loans by Government of Canada:												
10	Repayment of post-war loans	–	–	–	+ 15	–	–	–	–	–	–	–	+ 16
11	Repayment of war loans	+ 7	+ 8	+ 7	+ 6	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8
14	Change in Canadian dollar holdings of foreigners	+ 13	+ 5	– 14	+ 12	– 16	– 16	+ 4	+ 10	– 13	+ 1	+ 8	+ 8
16	Change in official holdings of sterling (increase, minus)	+ 1	– 3	– 1	+ 4	+ 1	– 5	+ 4	+ 1	–	–	– 1	–
17	Other capital movements	+ 9	+ 5	+ 2	+ 5	– 3	+ 5	+ 17	+ 16	+ 8	– 2	+ 17	– 4
E	**Net capital movement**	**+ 50**	**+ 82**	**+ 70**	**+ 97**	**+ 36**	**+ 70**	**+ 74**	**+ 64**	**+ 26**	**+ 34**	**+ 70**	**+ 58**
G	**Balance settled by exchange transfers**	**–113**	**–116**	**–139**	**–183**	**– 59**	**– 98**	**–126**	**– 99**	**– 30**	**– 58**	**– 86**	**–122**
	Total financing of current account balance (item C)	**– 63**	**– 34**	**– 69**	**– 86**	**– 23**	**– 28**	**– 52**	**– 35**	**– 4**	**– 24**	**– 16**	**– 64**

[1] Subject to revision.

TABLE IV. Quarterly Estimates of the Canadian Balance of International Payments, 1956-1958 – Concluded

D. BETWEEN CANADA AND OTHER COUNTRIES

No.	Account	1956 I	1956 II	1956 III	1956 IV	1957 I	1957 II	1957 III	1957 IV	1958[1] I	1958[1] II	1958[1] III	1958[1] IV
		millions of dollars											
	Rest of the Sterling Area:												
A 1	Merchandise exports	58	75	61	62	55	63	56	72	78	83	62	76
	Other current receipts	15	18	16	19	11	18	13	28	14	14	14	14
12	Total current receipts	73	93	77	81	66	81	69	100	92	97	76	90
B 1	Merchandise imports	41	57	65	59	40	70	67	62	37	63	53	59
	Other current payments	16	17	10	11	14	17	14	23	17	24	18	19
12	Total current payments	57	74	75	70	54	87	81	85	54	87	71	78
C	**Current account balance**	**+ 16**	**+ 19**	**+ 2**	**+ 11**	**+ 12**	**– 6**	**– 12**	**+ 15**	**+ 38**	**+ 10**	**+ 5**	**+ 12**
	Non-sterling area overseas countries:												
A 1	Merchandise exports	173	269	233	234	230	247	246	260	203	268	207	236
	Other current receipts	36	59	46	60	46	61	50	51	39	55	45	47
12	Total current receipts	209	328	279	294	276	308	296	311	242	323	252	283
B 1	Merchandise imports	172	217	221	219	174	220	232	225	173	208	228	264
	Other current payments	72	69	86	81	84	67	90	82	82	88	95	86
12	Total current payments	244	286	307	300	258	307	322	307	255	296	323	350
C	**Current account balance**	**– 35**	**+ 42**	**– 28**	**– 6**	**+ 18**	**+ 1**	**– 26**	**+ 4**	**– 13**	**+ 27**	**– 71**	**– 67**
C	**Current account balance with above areas**	**– 19**	**+ 61**	**– 26**	**+ 5**	**+ 30**	**– 5**	**– 38**	**+ 19**	**+ 25**	**+ 37**	**– 66**	**– 55**
D	**Capital account:**												
	Direct investment:												
1	Direct investment in Canada	+ 27	+ 28	+ 12	+ 12	+ 11	+ 28	+ 11	+ 9	+ 8	+ 6	+ 7	+ 9
2	Direct investment abroad	– 8	– 11	– 6	– 6	– 11	– 11	– 13	– 2	– 9	– 4	– 3	– 5
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	+ 11	+ 8	+ 6	+ 10	+ 8	+ 5	+ 5	+ 7	+ 4	– 5	+ 2	+ 6
3b	Trade in outstanding common and preference stocks	+ 6	+ 11	+ 17	+ 13	+ 8	+ 16	+ 19	+ 2	–	+ 3	+ 5	+ 6
4	New issues	+ 2	+ 6	+ 4	+ 18	+ 4	+ 7	+ 4	+ 2	+ 4	+ 19	+ 6	+ 7
5	Retirements	– 4	–	– 2	–	– 1	– 2	– 3	– 1	– 1	– 3	– 1	– 5
	Foreign securities:												
6	Trade in outstanding issues	+ 1	+ 2	+ 1	+ 2	–	+ 1	+ 1	–	–	–	– 1	+ 1
7	New issues	– 1	– 2	–	– 2	– 1	– 1	– 5	– 2	–	– 1	– 1	– 2
8	Retirements	–	–	–	–	–	+ 1	–	+ 1	–	–	+ 1	+ 1
	Loans by Government of Canada:												
9	Drawings	–	–	–	–	–	–	–	–	– 16	– 8	–	– 10
10	Repayment of post-war loans	–	+ 13	–	+ 11	–	+ 11	–	+ 9	–	+ 9	–	+ 9
14	Change in Canadian dollar holdings of foreigners	+ 3	– 4	+ 2	+ 7	– 15	+ 4	–	+ 4	– 3	+ 5	+ 7	+ 10
17	Other capital movements	+ 13	+ 14	– 6	+ 3	+ 20	+ 6	+ 14	– 7	– 2	– 14	– 15	– 3
E	**Net capital movement**	**+ 50**	**+ 65**	**+ 28**	**+ 68**	**+ 23**	**+ 65**	**+ 33**	**+ 22**	**– 15**	**+ 7**	**+ 7**	**+ 24**
G	**Balance settled by exchange transfers**	**– 31**	**–126**	**– 2**	**– 73**	**– 53**	**– 60**	**+ 5**	**– 41**	**– 10**	**– 44**	**+ 59**	**+ 31**
	Total financing of current account balance (item C)	**+ 19**	**– 61**	**+ 26**	**– 5**	**– 30**	**+ 5**	**+ 36**	**– 19**	**– 25**	**– 37**	**+ 66**	**+ 55**

[1] Subject to revision.

TABLE V. Estimate of the Canadian Balance of International Indebtedness, Selected Year Ends, 1926-1958

(exclusive of short-term commercial indebtedness and blocked currencies, see also Statement 16A.)

Item	1926	1930	1933	1939	1945	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958[3]
	billions of dollars														
Canadian liabilities (Foreign capital invested in Canada):															
Direct investments VIII, X	1.8	2.4	2.4	2.3	2.7	3.6	4.0	4.5	5.2	6.0	6.8	7.7	8.9	10.1	11.0
Government and municipal bonds IX	1.4	1.7	1.7	1.7	1.7	1.8	2.0	2.1	2.0	2.1	2.1	1.9	2.1	2.3	2.7
Other portfolio investments VIII	2.5	3.2	3.0	2.6	2.4	2.3	2.4	2.5	2.7	2.9	3.1	3.1	3.5	3.9	4.2
Income accumulating investment funds	—	—	—	—	—	—	—	—	—	—	0.1	0.2	0.2	0.3	0.3
Miscellaneous investments VIII	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4[4]	0.5	0.6	0.6	0.8	0.9	0.9
Total non-resident long-term investments in Canada VIII, IX	**6.0**	**7.6**	**7.4**	**6.9**	**7.1**	**8.0**	**8.7**	**9.5**	**10.4**	**11.5**	**12.5**	**13.5**	**15.6**	**17.5**	**19.1**
Equity of non-residents in Canadian assets abroad	[2]	[2]	[2]	0.2	0.2	0.3	0.3	0.4	0.4	0.6	0.6	0.7	0.8	0.8	0.9
Canadian dollar holdings of non-residents	[2]	[2]	[2]	0.3	0.3	0.4	0.6	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.5
Canadian short-term assets of IBRD and IMF	—	—	—	—	—	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Gross liabilities	**6.4**	**8.0**	**7.7**	**7.4**	**7.6**	**8.9**	**9.9**	**10.6**	**11.4**	**12.6**	**13.7**	**14.8**	**17.0**	**18.9**	**20.7**
United States	3.5	4.9	4.7	4.5	5.4	6.4	7.1	7.9	8.5	9.5	10.3	11.1	12.6	14.2	15.6
United Kingdom	2.7	2.9	2.8	2.6	1.8	1.8	2.0	1.9	2.0	2.2	2.3	2.5	2.8	3.1	3.3
Other countries, IBRD and IMF	0.2	0.2	0.2	0.3	0.4	0.7	0.8	0.8	0.9	1.0	1.0	1.2	1.5	1.7	1.8
Canadian assets (Canadian capital invested abroad):															
Direct investments VII	0.4	0.4	0.4	0.7	0.7	0.9	1.0	1.2	1.3	1.5	1.6	1.7	1.9	2.1	2.1
Portfolio investments VII	0.5	0.8	0.9	0.7	0.6	0.6	0.6	0.6	0.8[4]	0.9	0.9	1.0	1.0	1.1	1.1
Government of Canada loans and advances VII	—	—	—	—	0.7	2.0	2.0	1.9	1.9	1.8	1.7	1.6	1.6	1.5	1.5
Government of Canada subscriptions to IBRD, IFC and IMF	—	—	—	—	—	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Canadian long-term investments abroad	**0.9**	**1.3**	**1.3**	**1.4**	**2.0**	**4.0**	**4.0**	**4.1**	**4.4**	**4.5**	**4.6**	**4.7**	**4.8**	**5.0**	**5.0**
Government of Canada holdings of gold and foreign exchange VI	[2]	[2]	[2]	0.5	1.7	1.2	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8	1.9
Other Canadian short-term assets abroad	[2]	[2]	[2]	—	0.1	0.1	0.1	0.1	0.3	0.3	0.4	0.3	0.5	0.8	0.8
Gross assets	**1.3**	**1.5**	**1.4**	**1.9**	**3.8**	**5.2**	**5.9**	**6.0**	**6.4**	**6.6**	**6.9**	**7.0**	**7.2**	**7.6**	**7.7**
Government of Canada holdings of gold and foreign exchange	—	—	—	0.5	1.7	1.2	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8	1.9
United States[1]	0.7	0.9	0.8	0.9	0.9	1.1	1.1	1.4	1.7	2.0	2.1	2.2	2.5	2.9	3.0
United Kingdom[1]	0.1	0.1	—	0.1	0.7	1.6	1.6	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.3
Other countries, IBRD, IFC and IMF	0.5	0.5	0.6	0.4	0.5	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.6
Canadian net international indebtedness:															
Net liabilities	**5.1**	**6.5**	**6.3**	**5.5**	**3.9**	**3.7**	**4.0**	**4.6**	**5.0**	**6.0**	**6.8**	**7.8**	**9.7**	**11.3**	**13.0**
Government of Canada holdings of gold and foreign exchange	—	—	—	-0.5	-1.7	-1.2	-1.9	-1.8	-1.8	-1.8	-1.9	-1.9	-1.9	-1.8	-1.9
United States[1]	2.6	4.0	3.9	3.6	4.6	5.3	6.0	6.5	6.8	7.5	8.2	8.8	10.1	11.2	12.7
United Kingdom[1]	2.6	2.8	2.8	2.5	1.1	0.2	0.4	0.4	0.5	0.7	0.9	1.1	1.5	1.7	1.9
Other countries, IBRD, IFC and IMF	-0.3	-0.3	-0.4	-0.1	-0.1	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.2	—	0.1	0.2

[1] Excludes Government of Canada holdings of gold and foreign exchange.
[2] Not available.
[3] Not available; net external assets of the Chartered Banks of Canada amounted to $370 million in 1926, $180 million in 1930, and $91 million in 1933.
[4] New series not strictly comparable with earlier years.
[5] Preliminary estimate.

Note: As figures are rounded, totals do not necessarily equal the sum of their component parts. Roman numerals indicate tables in which further detail appears.

General note applicable to all statistics of foreign investments in Canada

Common and preference stocks are included at book (equity) values as shown in the balance sheets of the issuing companies, bonds and debentures are valued at par, liabilities in foreign currencies being converted into Canadian dollars at the original par of exchange.

Investments in Canadian companies have been classified according to principal activities in Canada.

Investments in Canada shown as owned by residents of the United States and the United Kingdom include some investments held for residents of other countries.

A dash (—) means "nil" or less than $0.5 million.

For more detailed treatment see "Canada's International Investment Position, 1926-1954".

TABLE VI. Canada's Official Holdings of Gold and United States Dollars,[1] 1950-1958

At end of	1950	1951	1952	1953	1954	1955	1956	1957	1958
	millions of U.S. dollars								
March	1,192.2	1,653.4	1,787.2	1,845.3	1,827.2	1,871.5	1,871.4	1,923.6	1,867.7
June	1,255.4	1,683.0	1,827.7	1,750.1	1,863.3	1,930.4	1,899.5	1,941.8	1,921.4
September	1,789.6	1,610.1	1,855.6	1,787.3	1,898.6	1,936.7	1,903.5	1,889.9	1,888.2
December	1,741.5	1,778.6	1,860.2	1,818.5	1,942.8	1,900.8	1,936.2	1,828.3	1,939.1

[1] Gold, United States dollars and short-term securities of the United States Government held by the Exchange Fund Accounts and other Government accounts, and net holdings of the Bank of Canada.

TABLE VII. Canadian Long-Term Investments Abroad,[1] Selected Year Ends, 1926 - 1957

Location and year	Direct investment in branches subsidiaries and controlled companies					Portfolio investments in foreign securities			Total private long-term investments abroad	Government of Canada credits	Total
	Railways and utilities	Industrial and commercial	Mining and petroleum	Other concerns	Total direct investment	Stocks	Bonds	Total portfolio investment			
	millions of dollars										
In all countries:											
1926	..	..	..	..	397	..	..	493	890	36	926
1930	..	..	..	..	443	..	..	789	1,232	31	1,263
1939	249	289	123	10	671[3]	511	208	719[3]	1,390	31	1,421
1945	239	337	138	6	720	454	167	621	1,341	707	2,048
1947	246	414	155	7	822	426	153	579	1,401	1,816	3,217
1949	276	553	91	6	926	477	161	638	1,564	2,000	3,564
1951	320	723	117	6	1,166	467	142	609	1,775	1,922	3,697
1952	326	771	163	11	1,271	669[3]	161	830	2,101	1,866	3,967
1953	402	859	215	9	1,485	690	179	869	2,354	1,778	4,132
1954	427	944	245	12	1,628	723	203	926	2,554	1,705	4,259
1955	438	1,002	291	18	1,749	767	224	991	2,740	1,635	4,375
1956	418	1,119	340	26	1,903	785	221	1,006	2,909	1,565	4,474
1957	426	1,204	410	38	2,078	797	257	1,054	3,132	1,515	4,647
In the United States:											
1926	..	..	..	..	250	..	..	195	445	–	445
1930	..	..	..	..	260	..	..	459	719	–	719
1939	211	176	21	4	412[3]	380	121	501[3]	913	–	913
1945	212	214	25	4	455	317	92	409	864	–	864
1947	217	272	37	5	531	283	83	366	897	–	897
1949	247	413	58	3	721	345	98	443	1,164	–	1,164
1951	288	549	71	4	912	289	87	376	1,288	–	1,288
1952	293	572	95	8	968	450[3]	66	536	1,504	–	1,504
1953	365	632	123	7	1,127	469	95	564	1,691	–	1,691
1954	390	695	145	10	1,240	490	89	579	1,819	–	1,819
1955	393	719	175	14	1,301	539	89	628	1,929	–	1,929
1956	378	817	190	22	1,407	569	84	653	2,060	–	2,060
1957	380	845	206	32	1,463	579	118	697	2,160	–	2,160
In the United Kingdom:											
1926	..	..	..	..	7	..	..	45	52	–	52
1930	..	..	..	..	14	..	..	45	59	–	59
1939	–	53	–	6	59[3]	22	21	43[3]	102	–	102
1945	–	53	–	1	54	26	27	53	107	561	668
1947	–	64	–	–	64	26	26	52	116	1,331	1,447
1949	–	58	–	1	59	21	19	40	99	1,434	1,533
1951	1	73	–	–	74	17	17	34	108	1,394	1,502
1952	1	80	–	–	81	17	14	31	112	1,357	1,469
1953	1	103	–	–	104	16	13	29	133	1,292	1,425
1954	1	118	–	–	119	17	14	31	150	1,247	1,397
1955	2	128	–	1	131	29	17	46	177	1,202	1,379
1956	3	135	–	1	139	30	16	46	185	1,157[5]	1,342
1957	3	162	–	1	166	33	15	48	214	1,127[5]	1,341
In other Commonwealth countries:[2]											
1939	7	30	17	–	54	7	15	22	76	–	76
1945	7	34	28	–	69	7	12	19	88	–	88
1947	8	47	30	–	85	7	11	18	103	–	103
1949	6	51	19	–	76	6	8	14	90	–	90
1951	7	61	20	–	88	6	8	14	102	–	102
1952	7	70	35	–	112	6	8	14	126	–	126
1953	6	73	54	–	133	6	8	14	147	–	147
1954	4	74	60	–	138	6	7	13	151	–	151
1955	4	83	72	–	159	7	21	28	167	–	187
1956	8	85	98	–	191	7	21	28	219	–	219
1957	9	93	131	2	235	7	21	28	263	–	263
In other foreign countries:											
1926	..	..	..	..	140[4]	..	..	253[4]	393[4]	36	429[4]
1930	..	..	..	..	169[4]	105	180	285[4]	454[4]	31	485[4]
1939	31	30	85	–	146[3]	102	51	153[3]	299	31	330
1945	20	36	85	1	142	104	36	140	282	146	428
1947	21	31	88	2	142	110	33	143	285	485	770
1949	23	31	14	2	70	105	36	141	211	566	777
1951	25	39	26	2	92	155	30	185	277	528	805
1952	25	49	33	3	110	196	53	249	359	509	668
1953	30	51	38	2	121	199	63	262	383	486	869
1954	32	57	40	2	131	210	93	303	434	458	892
1955	39	72	44	3	158	192	97	289	447	433	880
1956	29	82	52	3	166	179	100	279	445	408	853
1957	34	104	73	3	214	178	103	281	495	368	883

[1] Figures exclude investments of insurance companies and banks which are held mainly against liabilities to non-residents, and subscriptions by the Government of Canada to the International Bank for Reconstruction and Development, the International Finance Corporation and the International Monetary Fund, which are partly offset by short term assets in Canada of these institutions (Table V). Figures include the equity of non-residents in assets abroad of Canadian companies (Table V).

[2] Includes investments in Newfoundland prior to 1949.

[3] New series not strictly comparable with earlier years.

[4] Includes investments in "Other Commonwealth countries".

[5] Excludes deferred interest amounting to $22 million at the end of 1956, and to $44 million at the end of 1957.

.. Not available.

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends, 1930 - 1957

Classification by type of security and nature of national ownership

Long term investments in Canada	A. Owned by all non-residents							B. Owned by United States						
	1930	1945	1951	1954	1955	1956	1957	1930	1945	1951	1954	1955	1956	1957
	millions of dollars													
By type of assets														
Bonds and debentures:														
Government and municipal[1]	1,706	1,662	2,103	2,056	1,868	2,134	2,324	1,205	1,450	1,898	1,822	1,639	1,871	2,059
Railways	1,481	843	676	604	538	504	480	598	495	335	274	213	182	166
Other corporations	796	561	674	1,162	1,227	1,500	1,961	600	414	542	981	1,023	1,254	1,665
Sub-total	**3,983**	**3,066**	**3,453**	**3,822**	**3,633**	**4,138**	**4,765**	**2,403**	**2,359**	**2,775**	**3,077**	**2,875**	**3,307**	**3,890**
Capital stock of Canadian companies	2,856	3,194	4,745	6,285	6,942	8,003	8,890	1,832	2,088	3,477	4,620	5,026	5,722	6,331
Other corporation assets[2]	480	548	951	1,774	2,090	2,369	2,693	331	413	812	1,563	1,840	2,050	2,314
Income accumulating investment funds	—	—	—	102	170	249	255	—	—	—	102	170	249	255
Miscellaneous investments	295	284	328	561	641	818	879	94	130	195	302	367	474	489
Total investments	**7,614**	**7,092**	**9,477**	**12,544**	**13,476**	**15,577**	**17,482**	**4,660**	**4,990**	**7,259**	**9,664**	**10,278**	**11,802**	**13,279**
By nature of national ownership														
I. Direct investments (controlled in country of ownership):														
Bonds and debentures:														
Railways	52	46	36	37	36	36	32	42	38	29	29	29	29	28
Other corporations	357	281	346	615	719	782	1,071	294	254	319	589	676	729	1,001
Sub-total	**409**	**327**	**382**	**652**	**755**	**818**	**1,103**	**336**	**292**	**348**	**618**	**705**	**758**	**1,029**
Capital stock of Canadian companies	1,543	1,860	3,205	4,399	4,944	5,732	6,400	1,330	1,613	2,750	3,659	4,022	4,635	5,204
Other corporation assets[2]	475	526	933	1,713	2,033	2,315	2,617	327	399	798	1,510	1,789	2,001	2,243
Total direct investments	**2,427**	**2,713**	**4,520**	**6,764**	**7,732**	**8,865**	**10,120**	**1,993**	**2,304**	**3,896**	**5,787**	**6,516**	**7,394**	**8,476**
II. Government and municipal bonds[1]	**1,706**	**1,662**	**2,103**	**2,056**	**1,868**	**2,134**	**2,324**	**1,205**	**1,450**	**1,898**	**1,822**	**1,639**	**1,871**	**2,059**
III. Other portfolio investments (not controlled in country of ownership):														
Bonds and debentures:														
Railways — Controlled in Canada	1,427	795	637	564	499	467	447	556	457	306	245	184	153	138
— Controlled in other countries	2	2	3	3	3	1	1	—	—	—	—	—	—	—
Other corporations — Controlled in Canada	421	220	239	415	369	478	619	301	158	214	383	331	436	557
— Controlled in other countries	18	60	89	132	139	240	271	5	2	9	9	16	89	107
Sub-total	**1,868**	**1,077**	**968**	**1,114**	**1,010**	**1,186**	**1,338**	**862**	**617**	**529**	**637**	**531**	**678**	**802**
Capital stock of Canadian companies:														
Companies controlled in Canada	1,233	1,249	1,423	1,753	1,838	2,066	2,227	484	462	709	930	961	1,044	1,054
Companies controlled in other countries	80	85	117	133	180	205	263	18	13	18	31	43	43	73
Other corporation assets:[2]														
Companies controlled in Canada	5	16	11	45	42	33	62	4	13	10	41	38	31	59
Companies controlled in other countries	—	6	7	16	15	21	14	—	1	4	12	13	18	12
Income accumulating investment funds	—	—	—	102	170	249	255	—	—	—	102	170	249	255
Total other portfolio investments	**3,186**	**2,433**	**2,526**	**3,163**	**3,235**	**3,760**	**4,159**	**1,368**	**1,106**	**1,270**	**1,753**	**1,756**	**2,063**	**2,255**
IV. Miscellaneous investments:														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	295	284	328	561	641	818	879	94	130	195	302	387	474	489
SUMMARY														
I. Direct investments	2,427	2,713	4,520	6,764	7,732	8,865	10,120	1,993	2,304	3,896	5,787	6,516	7,394	8,476
II. Government and municipal bonds	1,706	1,662	2,103	2,056	1,868	2,134	2,324	1,205	1,450	1,898	1,822	1,639	1,871	2,059
III. Other portfolio investments	3,186	2,433	2,526	3,163	3,235	3,760	4,159	1,368	1,106	1,270	1,753	1,756	2,063	2,255
IV. Miscellaneous investments	295	284	328	561	641	818	879	94	130	195	302	367	474	489
Total investments	**7,614**	**7,092**	**9,477**	**12,544**	**13,476**	**15,577**	**17,482**	**4,660**	**4,990**	**7,259**	**9,664**	**10,278**	**11,802**	**13,279**

See footnotes at end of table.

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends, 1930-1957 – Concluded

Classification by type of security and nature of national ownership

Long term investments in Canada	C. Owned by United Kingdom							D. Owned by all other countries						
	1930	1945	1951	1954	1955	1956	1957	1930	1945	1951	1954	1955	1956	1957
	millions of dollars													
By type of assets														
Bonds and debentures:														
Government and municipal[1]	486	157	146	144	141	152	145	15	55	59	90	88	111	120
Railways	862	316	309	298	296	296	290	21	32	32	32	29	26	24
Other corporations	171	116	104	153	157	174	200	25	31	28	28	47	72	96
Sub-total	**1,519**	**589**	**559**	**595**	**594**	**622**	**635**	**61**	**118**	**119**	**150**	**164**	**209**	**240**
Capital stock of Canadian companies	942	973	1.044	1.291	1.426	1.647	1.838	82	133	224	374	490	634	721
Other corporation assets[2]	134	103	110	154	179	231	266	15	32	29	57	71	88	113
Miscellaneous investments	171	85	65	137	157	168	177	30	69	68	122	117	176	213
Total investments	**2,766**	**1,750**	**1,778**	**2,177**	**2,356**	**2,668**	**2,916**	**188**	**352**	**440**	**703**	**842**	**1,107**	**1,287**
By nature of national ownership														
I. Direct investments (controlled in country of ownership):														
Bonds and debentures:														
Railways	10	8	7	8	7	7	4	–	–	–	–	–	–	–
Other corporations	49	13	13	13	11	21	41	14	14	14	13	32	32	29
Sub-total	**59**	**21**	**20**	**21**	**18**	**28**	**45**	**14**	**14**	**14**	**13**	**32**	**32**	**29**
Capital stock of Canadian companies	200	226	369	587	695	790	848	13	21	86	153	227	307	348
Other corporation assets[2]	133	101	108	151	178	230	264	15	26	27	52	66	84	110
Total direct investments	**392**	**348**	**497**	**759**	**891**	**1,048**	**1,157**	**42**	**61**	**127**	**218**	**325**	**423**	**487**
II. Government and municipal bonds[1]	**486**	**157**	**146**	**144**	**141**	**152**	**145**	**15**	**55**	**59**	**90**	**88**	**111**	**120**
III. Other portfolio investments (not controlled in country of ownership):														
Bonds and debentures:														
Railways – Controlled in Canada	850	306	299	287	286	288	285	21	32	32	32	29	26	24
– Controlled in other countries	2	2	3	3	3	1	1	–	–	–	–	–	–	–
Other corporations – Controlled in Canada	116	46	11	18	24	22	20	4	16	14	14	14	20	42
– Controlled in other countries	6	57	80	122	122	131	139	7	1	–	1	1	20	25
Sub-total	**974**	**411**	**393**	**430**	**435**	**442**	**445**	**32**	**49**	**46**	**47**	**44**	**66**	**91**
Capital stock of Canadian companies:														
Companies controlled in Canada	685	691	602	648	672	783	915	64	96	112	175	205	239	258
Companies controlled in other countries	57	56	63	56	59	74	75	5	18	26	46	58	88	115
Other corporation assets:[2]														
Companies controlled in Canada	1	2	1	1	1	1	2	–	1	–	3	3	1	1
Companies controlled in other countries	–	–	1	2	–	–	–	–	5	2	2	2	3	2
Total other portfolio investments	**1,717**	**1,160**	**1,070**	**1,137**	**1,187**	**1,300**	**1,437**	**101**	**167**	**186**	**273**	**312**	**397**	**467**
IV. Miscellaneous investments:														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	171	85	65	137	157	168	177	30	69	68	122	117	176	213
SUMMARY														
I. Direct investments	392	348	497	759	891	1.048	1.157	42	61	127	218	325	423	487
II. Government and municipal bonds	486	157	146	144	141	152	145	15	55	59	90	88	111	120
III. Other portfolio investments	1.717	1.160	1.070	1.137	1.167	1.300	1.437	101	167	186	273	312	397	467
IV. Miscellaneous investments	171	85	65	137	157	168	177	30	69	68	122	117	176	213
Total investments	**2,766**	**1,750**	**1,778**	**2,177**	**2,358**	**2,668**	**2,916**	**188**	**352**	**440**	**703**	**842**	**1,107**	**1,287**

[1] For division of Government of Canada, provincial and municipal see Table IX.
[2] Includes net assets of unincorporated branches and other long term investments.

TABLE IX. Foreign Capital Invested in Canada, Selected Year Ends, 1930-1957

Classification by type of investment

Long term investments in Canada by type of investment	A. Owned by all non-residents							B. Owned by United States						
	1930	1945	1951	1954	1955	1956	1957	1930	1945	1951	1954	1955	1956	1957
	millions of dollars													
Government securities:														
Dominion	682	726	1,013	659	529	502	501	440	682	887	515	393	340	342
Provincial	592	624	771	964	888	1,081	1,165	517	574	732	914	836	1,021	1,099
Municipal	432	312	319	433	451	551	658	248	194	279	393	410	510	618
Sub-total	**1,706**	**1,662**	**2,103**	**2,056**	**1,868**	**2,134**	**2,324**	**1,205**	**1,450**	**1,898**	**1,822**	**1,639**	**1,871**	**2,059**
Manufacturing:														
Vegetable products	208	268	366	443	483	522	592	123	199	277	338	365	401	456
Animal products	50	61	74	97	103	104	109	44	47	64	84	91	91	96
Textiles	49	83	117	120	122	128	128	26	41	61	62	65	70	71
Wood and paper products	586	455	718	939	996	1,111	1,163	489	383	568	774	826	941	983
Iron and products	262	319	530	722	894[1]	1,083	1,205	233	297	492	668	769[1]	891	978
Non-ferrous metals	125	274	463	727	783	895	1,030	118	209	367	571	616	700	812
Non-metallic minerals	24	57	80	126	136	169	177	19	48	60	91	87	108	110
Chemicals and allied products	122	169	297	430	452	501	587	89	124	227	294	304	345	423
Miscellaneous manufactures	33	37	70	117	59[1]	66	84	33	34	57	79	53[1]	60	77
Sub-total (excluding petroleum refining)	**1,459**	**1,723**	**2,715**	**3,721**	**4,028**	**4,579**	**5,075**	**1,174**	**1,382**	**2,173**	**2,961**	**3,176**	**3,607**	**4,006**
Retroleum and natural gas	150	157	693	1,488	1,854	2,275	2,853	147	149	682	1,426	1,716	2,063	2,561
Other mining and smelting	311	359	586	981	1,121	1,332	1,574	234	280	497	867	975	1,131	1,312
Public utilities:														
Railways	2,244	1,599	1,436	1,428	1,364	1,425	1,396	832	720	656	627	560	535	489
Other (excluding pipelines)	634	493	524	570	575	629	655	522	374	439	470	434	461	471
Sub-total	**2,878**	**2,092**	**1,960**	**1,998**	**1,939**	**2,054**	**2,051**	**1,354**	**1,094**	**1,095**	**1,097**	**994**	**996**	**960**
Merchandising	190	220	377	571	616	685	713	125	158	260	412	448	499	507
Financial institutions	543	525	595	1,014	1,231	1,493	1,779	251	285	353	649	816	991	1,200
Other enterprises	82	70	120	154	178	207	234	76	62	106	128	147	170	185
Miscellaneous investments	295	284	328	561	641	818	879	94	130	195	302	367	474	489
Total investments	**7,614**	**7,092**	**9,477**	**12,544**	**13,476**	**15,577**	**17,482**	**4,660**	**4,990**	**7,259**	**9,664**	**10,278**	**11,802**	**13,279**

	C. Owned by United Kingdom							D. Owned by all other countries						
	1930	1945	1951	1954	1955	1956	1957	1930	1945	1951	1954	1955	1956	1957
	millions of dollars													
Government securities:														
Dominion	235	—	70	71	67	72	64	7	44	56	73	69	90	95
Provincial	69	45	38	38	39	45	47	6	5	1	12	13	15	19
Municipal	182	112	38	35	35	35	34	2	6	2	5	6	6	6
Sub-total	**486**	**157**	**146**	**144**	**141**	**152**	**145**	**15**	**55**	**59**	**90**	**88**	**111**	**120**
Manufacturing:														
Vegetable products	84	66	80	96	106	107	124	1	3	9	9	12	14	12
Animal products	5	6	5	6	6	7	7	1	8	5	7	6	6	6
Textiles	22	38	52	55	55	56	55	1	4	4	3	2	2	2
Wood and paper products	95	64	140	151	155	153	160	2	8	10	14	15	17	20
Iron and products	24	12	28	37	103[1]	153	168	5	10	10	17	22	39	59
Non-ferrous metals	6	64	91	146	153	175	192	1	1	5	10	14	20	26
Non-metallic minerals	5	8	20	27	32	31	34	—	1	—	8	17	30	33
Chemicals and allied products	32	36	60	121	132	137	142	1	9	10	15	16	19	22
Miscellaneous manufactures	—	2	12	37	4[1]	4	6	—	1	1	1	2	2	1
Sub-total (excluding petroleum refining)	**273**	**296**	**488**	**676**	**746**	**823**	**888**	**12**	**45**	**54**	**84**	**106**	**149**	**181**
Petroleum and natural gas	3	7	7	17	31	72	107	—	1	4	45	107	140	185
Other mining and smelting	72	60	58	68	86	118	162	5	19	31	46	60	83	100
Public utilities:														
Railways	1,352	806	704	699	698	765	784	60	73	76	102	106	125	123
Other (excluding pipelines)	100	90	56	65	86	97	112	12	29	29	35	55	71	72
Sub-total	**1,452**	**896**	**760**	**784**	**784**	**862**	**896**	**72**	**102**	**105**	**137**	**161**	**196**	**195**
Merchandising	61	57	102	136	145	158	174	4	5	15	23	23	28	32
Financial institutions	243	186	142	213	241	286	332	49	54	100	152	174	216	247
Other enterprises	5	6	10	22	25	29	35	1	2	4	4	6	8	14
Miscellaneous investments	171	85	65	137	157	168	177	30	69	68	122	117	176	213
Total investments	**2,766**	**1,750**	**1,778**	**2,177**	**2,356**	**2,668**	**2,916**	**188**	**352**	**440**	**703**	**842**	**1,107**	**1,287**

[1] New series not strictly comparable with earlier years.

TABLE X. Foreign Direct Investment[1] in Canada, Selected Year Ends, 1930-1957

Classification by type of business

Direct investment in Canada by type of business	A. Owned by all non-residents							B. Owned by United States						
	1930	1945	1951	1954	1955	1956	1957	1930	1945	1951	1954	1955	1956	1957
	millions of dollars													
Manufacturing:														
Vegetable products	165	200	291	373	397	439	485	94	140	214	279	302	339	375
Animal products	42	47	66	84	91	92	98	38	44	60	76	83	83	89
Textiles	33	56	86	92	98	105	108	20	28	46	47	53	58	62
Wood and paper products	378	348	564	763	612	877	927	334	316	454	642	687	756	600
Iron and products	203	277	467	638	805[2]	978	1,095	199	272	451	606	706[2]	816	903
Non-ferrous metals	116	211	375	570	624	728	866	113	203	362	543	585	663	788
Non-metallic minerals	20	43	74	111	122	142	155	17	39	59	82	79	90	100
Chemicals and allied products	102	144	257	411	431	481	567	86	118	219	281	291	332	411
Miscellaneous manufactures	31	33	68	114	57[2]	64	82	31	31	56	77	52[2]	59	75
Sub-total (excluding petroleum refining)	**1,090**	**1,359**	**2,248**	**3,156**	**3,437**	**3,906**	**4,383**	**932**	**1,191**	**1,921**	**2,633**	**2,838**	**3,196**	**3,603**
Petroleum and natural gas	142	138	641	1,384	1,754	2,144	2,548	141	138	636	1,344	1,637	1,976	2,371
Other mining and smelting	217	240	419	671	811	908	1,046	191	218	397	650	781	857	975
Utilities (excluding pipelines)	450	375	361	319	320	291	283	423	358	341	298	270	222	215
Merchandising	160	202	361	501	538	607	619	109	147	249	348	377	431	421
Financial institutions	304	339	378	590	706	814	1,024	136	198	253	396	475	550	719
Other enterprises	64	60	112	143	166	195	215	61	54	99	118	138	160	172
Total	**2,427**	**2,713**	**4,520**	**6,764**	**7,732**	**8,865**	**10,120**	**1,993**	**2,304**	**3,896**	**5,787**	**6,516**	**7,394**	**8,476**

	C. Owned by United Kingdom							D. Owned by all other countries						
	1930	1945	1951	1954	1955	1956	1957	1930	1945	1951	1954	1955	1956	1957
	millions of dollars													
Manufacturing:														
Vegetable products	71	60	74	90	91	93	103	–	–	3	4	4	7	7
Animal products	3	3	3	4	4	5	5	1	–	3	4	4	4	4
Textiles	13	26	38	44	45	47	46	–	2	2	1	–	–	–
Wood and paper products	44	30	109	120	124	120	126	–	2	1	1	1	1	1
Iron and products	3	4	14	23	87[2]	134	146	1	1	2	9	12	28	46
Non-ferrous metals	3	8	10	19	27	49	61	–	–	3	8	12	16	17
Non-metallic minerals	3	4	15	21	26	23	26	–	–	–	8	17	29	29
Chemicals and allied products	15	19	30	119	129	135	139	1	7	8	11	11	14	17
Miscellaneous manufactures	–	2	12	37	4[2]	4	6	–	–	–	–	1	1	1
Sub-total (excluding petroleum refining)	**155**	**156**	**305**	**477**	**537**	**610**	**658**	**3**	**12**	**22**	**46**	**62**	**100**	**122**
Petroleum and natural gas	1	–	4	7	23	56	64	–	–	1	33	94	110	113
Other mining and smelting	25	22	16	17	26	48	68	1	–	4	4	4	3	5
Utilities (excluding pipelines)	27	16	16	16	33	39	37	–	1	4	5	17	30	31
Merchandising	48	51	97	131	139	150	167	3	4	15	22	22	26	31
Financial institutions	133	98	48	90	109	117	130	35	43	77	104	122	147	175
Other enterprises	3	5	9	21	24	28	33	–	1	4	4	4	7	10
Total	**392**	**348**	**497**	**759**	**891**	**1,048**	**1,157**	**42**	**61**	**127**	**218**	**325**	**423**	**487**

[1] Direct investment covers investment in branches, subsidiaries, and controlled companies; the figures are part of the totals in Tables VIII and IX.
[2] New series not strictly comparable with earlier years.

TABLE XI. Number of Canadian Concerns Controlled Abroad,[1] End of 1957

Classification by country of ownership and type of business

Type of business	Controlled in United States			Controlled in United Kingdom			Controlled in other countries			Controlled outside Canada
	Subsidiaries or controlled companies	Unincorporated branches	Total number	Subsidiaries or controlled companies	Unincorporated branches	Total number	Subsidiaries or controlled companies	Unincorporated branches	Total number	Total number
Manufacturing:										
Vegetable products	142	6	148	52	1	53	11	–	11	212
Animal products	61	–	61	5	1	6	5	–	5	72
Textiles	83	1	84	24	1	25	4	–	4	113
Wood and paper products	207	14	221	32	2	34	10	–	10	265
Iron and products	446	21	467	78	1	79	18	–	18	564
Non-ferrous metals	252	8	260	39	2	41	18	–	18	319
Non-metallic minerals	65	4	69	43	–	43	7	–	7	119
Chemicals and allied products	301	33	334	51	1	52	12	2	14	400
Miscellaneous manufactures	94	7	101	16	–	16	4	–	4	121
Sub-total (excluding petroleum refining)	**1,651**	**94**	**1,745**	**340**	**9**	**349**	**89**	**2**	**91**	**2,185**
Petroleum and natural gas	336	73	409	14	2	16	12	1	13	438
Other mining and smelting	257	32	289	52	1	53	13	–	13	355
Utilities:										
Railways	7	4	11	3	–	3	–	–	–	14
Other utilities (excluding pipelines)	100	20	120	35	4	39	40	7	47	206
Merchandising	774	121	895	323	39	362	106	5	111	1,368
Financial:										
Financial institutions except insurance	58	6	64	22	1	23	10	1	11	98
Insurance	15	185	200	25	87	112	9	43	52	364
Real estate	88	6	94	22	3	25	18	–	18	137
Other holding companies[2]	45	9	54	35	1	36	36	1	37	127
Other enterprises	464	104	568	97	6	103	39	3	42	713
Total, all companies, 1957[3]	**3,795**	**654**	**4,449**	**968**	**153**	**1,121**	**372**	**63**	**435**	**6,005**
Total, all companies, 1945[4]	**1,594**	**391**	**1,985**	**320**	**135**	**455**	**56**	**26**	**82**	**2,522**

[1] The book value of all investments in these companies by residents of the country in which control lies is shown as direct investment in preceding tables.
[2] Excludes non-resident owned investment corporations included with portfolio investments.
[3] Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 881; in the U.K. 294; in other countries 57.
[4] Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 210; in the U.K. 58; in other countries 2.

TABLE XII. Non-Resident Ownership as a Percentage of Selected Canadian Industries, Selected Year Ends, 1926-1956[1]

Industry classification	1926	1930	1939	1948	1951	1954	1954	1955	1956
	*	*	*	*	*	*			
Percentage of total owned by all non-residents:									
Manufacturing	38	40	42	42	45	48	47	47	48
Petroleum and natural gas							60	63	65
Mining and smelting	37	44	40	39	51	57[r]	53	53	54
Railways	55	56	57	45	50	35	35	33	33
Other utilities	32	36	27	20	17	17[r]	14	12	14
Total of above industries and merchandising[2]	**37**	**39**	**38**	**32**	**31**	**32**	**32**	**32**	**34**
Percentage of total owned by United States residents:									
Manufacturing	30	33	34	35	37	39	37	37	38
Petroleum and natural gas							57	58	59
Mining and smelting	28	34	31	32	45	52[r]	47	46	46
Railways	15	21	18	21	18	15	15	13	12
Other utilities	23	30	20	16	15	15[r]	12	10	11
Total of above industries and merchandising[2]	**19**	**24**	**22**	**23**	**24**	**25**	**25**	**25**	**26**

[1] For years 1952 and 1953, see Table XII, "The Canadian Balance of International Payments, 1957, and International Investment Position".
[2] Corporations engaged in the construction industry are included in the post-war period.
* Petroleum and natural gas industry not available separately. For treatment see note to Table XVI.
[r] Revised.

Note: For data from which this table was constructed and for further explanations see Table XVI.

TABLE XIII. Estimates of Foreign Capital Invested in Canada, Selected Year Ends, 1900 - 1958

Year	Total non-resident investment			Percentage of total non-resident investment		
	Direct	Portfolio[1]	Total	United States	United Kingdom	Other countries
	millions of dollars			per cent		
1900[2]	..	..	1,232	14	85	1
1914[3]	..	..	3,837	23	72	5
1918[3]	..	..	4,536	36	60	4
1926	1,782	4,221	6,003	53	44	3
1930	2,427	5,187	7,614	61	36	3
1933	2,352	5,013	7,365	61	36	3
1939	2,296	4,617	6,913	60	36	4
1945	2,713	4,379	7,092	70	25	5
1946	2,826	4,355	7,181	72	23	5
1947	2,986	4,205	7,191	72	23	5
1948	3,270	4,239	7,509	74	22	4
1949	3,586	4,377	7,963	74	22	4
1950	3,975	4,689	8,664	76	20	4
1951	4,520	4,957	9,477	76	19	5
1952	5,218	5,167	10,385	77	18	5
1953	6,003	5,458	11,461	77	18	5
1954	6,764	5,780	12,544	77	17	6
1955	7,732	5,744	13,476	76	18	6
1956	8,865	6,712	15,577	76	17	7
1957	10,120	7,362	17,482	76	17	7
1958	11,000[4]	8,100[4]	19,100[4]	77	16	7

Year	Investment by residents of the United States			Investment by residents of the United Kingdom			Investment by residents of other countries		
	Direct	Portfolio[1]	Total	Direct	Portfolio[1]	Total	Direct	Portfolio[1]	Total
	millions of dollars								
1900[2]	..	..	168	..	..	1,050	..	..	14
1914[3]	..	..	881	..	..	2,778	..	..	178
1918[3]	..	..	1,630	..	..	2,729	..	..	177
1926	1,403	1,793	3,196	336	2,301	2,637	43	127	170
1930	1,993	2,667	4,660	392	2,374	2,766	42	146	188
1933	1,933	2,559	4,492	376	2,307	2,663	43	147	190
1939	1,881	2,270	4,151	366	2,110	2,476	49	237	286
1945	2,304	2,666	4,990	348	1,402	1,750	61	291	352
1946	2,428	2,730	5,158	335	1,335	1,670	63	290	353
1947	2,548	2,653	5,201	372	1,275	1,647	66	277	343
1948	2,807	2,760	5,567	400	1,210	1,610	63	269	332
1949	3,095	2,811	5,906	428	1,289	1,717	63	277	340
1950	3,426	3,123	6,549	468	1,282	1,750	81	284	365
1951	3,896	3,363	7,259	497	1,281	1,778	127	313	440
1952	4,530	3,467	7,997	544	1,342	1,886	144	358	502
1953	5,206	3,664	8,870	612	1,396	2,008	185	398	583
1954	5,787	3,877	9,664	759	1,418	2,177	218	485	703
1955	6,516	3,762	10,278	891	1,465	2,356	325	517	842
1956	7,394	4,408	11,802	1,048	1,620	2,668	423	684	1,107
1957	8,476	4,803	13,279	1,157	1,759	2,916	487	800	1,287
1958	9,200[4]	5,400[4]	14,600[4]	1,275[4]	1,825[4]	3,100[4]	525[4]	875[4]	1,400[4]

[1] Including miscellaneous investments.
[2] Estimated by Dr. Jacob Viner, "Canada's Balance of International Indebtedness, 1900 - 1913", (Cambridge 1924).
[3] Estimated by Prof. F.A. Knox, Excursus appearing in "Canadian-American Industry", Marshall, Southard and Taylor, (New Haven, Toronto 1936). Statistics for 1926 and subsequent years are official data collected by the Dominion Bureau of Statistics.
[4] Preliminary estimate.
.. Not available.

TABLE XIV. Non-Resident Control as a Percentage of Selected Canadian Industries, Selected Year Ends, 1926 - 1956[1]

Industry classification	1926	1930	1939	1948	1951	1954	1954	1955	1956
	*	*	*	*	*	*			
Percentage of total control by all non-residents:									
Manufacturing	35	36	38	43	48	54	51	52	52
Petroleum and natural gas							69	79	80
Mining and smelting	38	47	42	40	53	57[r]	51	57	58
Railways	3	3	3	3	2	2	2	2	2
Other utilities	20	29	26	24	20	11	8	7	6
Total of above industries and merchandising[2]	**17**	**20**	**21**	**25**	**27**	**28**	**28**	**30**	**31**
Percentage of total control by United States residents:									
Manufacturing	30	31	32	39	42	45	42	42	41
Petroleum and natural gas							67	73	73
Mining and smelting	32	42	38	37	51	54[r]	49	55	52
Railways	3	3	3	3	2	2	2	2	2
Other utilities	20	29	26	24	20	11[r]	7	6	4
Total of above industries and merchandising[2]	**15**	**18**	**19**	**22**	**24**	**24**	**24**	**26**	**26**

[1] For years 1952 and 1953, see Table XIV, "The Canadian Balance of International Payments, 1957, and International Investment Position".
[2] Corporations engaged in the construction industry are included in the post-war period.
* Petroleum and natural gas industry not available separately. For treatment see note to Table XVI.
[r] Revised.

Note: For data from which this table was constructed and for further explanations see Table XVI.

TABLE XV. Ownership and Control of Selected Canadian Industries,[1] 1954 - 1956

No.	Company classification	Estimated total investment	Investment owned in: Canada	United States	United Kingdom	Other countries
		millions of dollars				
	End of 1954[2]					
	Manufacturing:[3]					
1	Beverages	330	235	82	12	1
2	Rubber	134	30	94	10	—
3	Textiles	605	477	70	55	3
4	Pulp and paper	1,433	699	599	130	5
5	Agricultural machinery	155	98	57[4]	..	..
6	Automobiles and parts	292	62	228	1	1
7	Transportation equipment n.o.p.	245	161	47	37	—
8	Primary iron and steel	390	326	53	9	2
9	Electrical apparatus	402	121	250	20	11
10	Chemicals	654	233	285	121	15
11	Other	3,683	1,986	1,324	303	50
12	**Sub-total**	**8,303**	**4,428**	**3,089**	**698**	**88**
13	**Petroleum and natural gas**	**2,484**	**996**	**1,426**	**17**	**45**
	Mining:					
14	Smelting and refining of non-ferrous native ores	715	293	313	72	37
15	Other mining	1,148	521	580	32	15
16	**Sub-total**	**1,863**	**814**	**893**	**104**	**52**
17	**Total of above industries**	**12,650**	**6,238**	**5,408**	**819**	**185**
	End of 1955[2]					
	Manufacturing:[3]					
18	Beverages	385	282	89	12	2
19	Rubber	139	26	102	11	—
20	Textiles	594	472	65	55	2
21	Pulp and paper	1,442	715	589	132	6
22	Agricultural machinery	160	102	58[4]	..	..
23	Automobiles and parts	335	66	267	1	1
24	Transportation equipment n.o.p.	242	139	43	60	—
25	Primary iron and steel	438	371	57	8	2
26	Electrical apparatus	411	100	274	26	11
27	Chemicals	737	260	329	132	16
28	Other	4,011	2,155	1,450	334	72
29	**Sub-total**	**8,894**	**4,688**	**3,323**	**771**	**112**
30	**Petroleum and natural gas**	**2,961**	**1,107**	**1,716**	**31**	**107**
	Mining:					
31	Smelting and refining of non-ferrous native ores	785	338	326	74	47
32	Other mining	1,315	572	675	48	20
33	**Sub-total**	**2,100**	**910**	**1,001**	**122**	**67**
34	**Total of above industries**	**13,955**	**6,705**	**6,040**	**924**	**286**
	End of 1956					
	Manufacturing:[3]					
35	Beverages	383	282	87	12	2
36	Rubber	160	29	119	12	—
37	Textiles	588	460	70	56	2
38	Pulp and paper	1,617	759	721	129	8
39	Agricultural machinery	169	105	64[4]	..	..
40	Automobiles and parts	375	79	294	1	1
41	Transportation equipment n.o.p.	268	112	52	104	—
42	Primary iron and steel	549	463	71	11	4
43	Electrical apparatus	470	130	294	30	16
44	Chemicals	823	295	372	137	19
45	Other	4,540	2,442	1,633	360	105
46	**Sub-total**	**9,942**	**5,156**	**3,777**	**852**	**157**
47	**Petroleum and natural gas**	**3,500**	**1,225**	**2,063**	**72**	**140**
	Mining:					
48	Smelting and refining of non-ferrous native ores	844	358	347	81	58
49	Other mining	1,609	693	808	75	33
50	**Sub-total**	**2,453**	**1,051**	**1,155**	**156**	**91**
51	**Total of above industries**	**15,895**	**7,432**	**6,995**	**1,080**	**388**

[1] The figures in this table are subject to important statistical qualifications which are described in "Canada's International Investment Position, 1926 - 1954" pages 68 to 70. It should be emphasized that book value series are based on corporate classifications. Consequently the entire investment in Canada of a corporation and its subsidiaries is normally attributed to its principal activity; in the case of some industrial subdivisions this could have significant effects. The corporate classifications of foreign investment used herein have been altered in some cases from those appearing elsewhere in this report to correspond more closely with the classification of estimated total investment. The equity of non-residents in the holding of Consolidated Mining and Smelting Company of Canada Limited by Canadian Pacific Railway Company has been included under mining.

TABLE XV. Ownership and Control of Selected Canadian Industries,[1] 1954 - 1956

Total Canadian and external capital in companies controlled in:			Percentage of capital employed owned in:				Percentage of capital employed controlled in:			
Canada	United States	Elsewhere outside Canada	Canada	United States	United Kingdom	Other countries	Canada	United States	Elsewhere outside Canada	No.
millions of dollars			per cent							
264	47	19	71	25	4	—	80	14	6	1
9	112	13	22	70	8	—	7	84	9	2
497	58	50	79	12	9	—	82	10	8	3
623	648	162	49	42	9	—	44	45	11	4
101	54[4]	..	63	37[4]	..	..	65	35[4]	..	5
15	277	—	22	78	—	—	5	95	—	6
156	51	38	66	19	15	—	64	21	15	7
365	25	—	84	14	2	—	94	6	—	8
93	261	48	30	62	5	3	23	65	12	9
163	332	159	36	44	18	2	25	51	24	10
1,767	1,582	314	54	36	8	2	48	43	9	11
4,053	**3,447**	**803**	**53**	**37**	**9**	**1**	**49**	**41**	**10**	**12**
763	**1,671**	**50**	**40**	**57**	**1**	**2**	**31**	**67**	**2**	**13**
323	392	—	41	44	10	5	45	55	—	14
588	526	34	45	51	3	1	51	46	3	15
911	**918**	**34**	**44**	**48**	**5**	**3**	**49**	**49**	**2**	**18**
5,727	**6,036**	**887**	**49**	**43**	**7**	**1**	**45**	**48**	**7**	**17**
333	50	2	73	23	3	1	86	13	1	18
3	122	14	19	73	8	—	2	88	10	19
488	57	49	80	11	9	—	82	10	8	20
657	626	159	50	41	9	—	46	43	11	21
107	53[4]	..	64	36[4]	..	..	67	33[4]	..	22
13	322	—	20	80	—	—	4	96	—	23
108	44	90	57	18	25	—	45	18	37	24
404	34	—	85	13	2	—	92	8	—	25
76	279	56	24	67	6	3	18	68	14	26
174	373	190	35	45	18	2	23	51	26	27
1,899	1,779	333	54	36	8	2	47	45	8	28
4,262	**3,739**	**893**	**53**	**37**	**9**	**1**	**48**	**42**	**10**	**29**
623	**2,173**	**165**	**37**	**58**	**1**	**4**	**21**	**73**	**6**	**30**
246	539	—	43	42	9	6	31	69	—	31
659	610	46	43	51	4	2	50	46	4	32
905	**1,149**	**46**	**43**	**48**	**6**	**3**	**43**	**55**	**2**	**33**
5,790	**7,061**	**1,104**	**48**	**43**	**7**	**2**	**41**	**51**	**8**	**34**
334	47	2	74	23	3	—	87	12	1	35
5	141	14	16	74	8	—	3	88	9	36
477	61	50	78	12	10	—	81	10	9	37
741	685	191	47	45	8	—	46	42	12	38
111	58[4]	..	62	38[4]	..	..	86	34[4]	..	39
19	356	—	21	79	—	—	5	95	—	40
103	53	112	42	19	39	—	38	20	42	41
511	38	—	84	13	2	1	93	7	—	42
109	296	65	28	63	6	3	23	63	14	43
206	416	201	36	45	17	2	25	51	24	44
2,170	1,957	413	54	36	8	2	48	43	9	45
4,786	**4,108**	**1,048**	**52**	**38**	**8**	**2**	**48**	**41**	**11**	**46**
699	**2,570**	**231**	**35**	**59**	**2**	**4**	**20**	**73**	**7**	**47**
258	586	—	42	41	10	7	31	69	—	48
772	683	154	43	50	5	2	48	42	10	49
1,030	**1,269**	**154**	**43**	**47**	**6**	**4**	**42**	**52**	**6**	**50**
6,515	**7,947**	**1,433**	**47**	**44**	**7**	**2**	**41**	**50**	**9**	**51**

[1] Revised.
[3] Includes "Other enterprises".
[4] Includes minor amounts attributable to United Kingdom and other countries; an offsetting adjustment has been made in line 11.
.. Not available.

TABLE XVI. Estimated Book Value, Ownership and Control of Capital Employed in Selected Canadian Industries, Selected Year Ends, 1926 - 1956

A. Petroleum and Natural Gas Industry not segregated[1]

Industry	1926	1930	1939	1948	1951	1952	1953	1954	1955	1956
	billions of dollars									
Total capital employed:[2]										
Manufacturing	3.1	3.9	3.5	5.7	7.3	7.8	8.6	9.3	10.0	11.4
Mining and smelting	0.6	0.8	0.8	1.1	1.6	2.0	2.5	3.0	3.4	3.9
Railways	3.5	4.0	3.4	3.4	3.6	3.8	3.9	4.1	4.2	4.4
Other utilities	1.3	1.7	2.1	2.6	3.8	4.3	5.1	5.6	6.3	6.9
Merchandising[3] and construction[4]	2.1	2.5	2.1	3.2	4.5	5.1	5.6	6.2	6.7	7.4
Total of above	**10.6**	**12.9**	**11.9**	**16.0**	**20.8**	**23.0**	**25.7**	**28.2**	**30.6**	**34.0**
Resident owned capital:										
Manufacturing	1.9	2.3	2.0	3.3	4.1	4.1	4.5	4.8	5.1	5.6
Mining and smelting	0.4	0.5	0.5	0.7	0.8	0.9	1.1	1.3	1.3	1.6
Railways	1.6	1.7	1.5	1.9	2.2	2.4	2.5	2.7	2.8	3.0
Other utilities	0.9	1.1	1.5	2.1	3.1	3.6	4.3	4.7	5.4	5.7
Merchandising and construction	1.9	2.3	1.9	2.9	4.1	4.6	5.0	5.6	6.1	6.7
Total of above	**6.7**	**7.9**	**7.4**	**10.9**	**14.3**	**15.6**	**17.4**	**19.1**	**20.7**	**22.6**
Non-resident owned capital:[5]										
Manufacturing	1.2	1.6	1.5	2.4	3.2	3.7	4.1	4.5	4.9	5.8
Mining and smelting	0.2	0.3	0.3	0.4	0.8	1.1	1.4	1.7	2.1	2.3
Railways	1.9	2.3	1.9	1.5	1.4	1.4	1.4	1.4	1.4	1.4
Other utilities	0.4	0.6	0.6	0.5	0.7	0.7	0.8	0.9	0.9	1.2
Merchandising	0.2	0.2	0.2	0.3	0.4	0.5	0.6	0.6	0.6	0.7
Total of above	**3.9**	**5.0**	**4.5**	**5.1**	**6.5**	**7.4**	**8.3**	**9.1**	**9.9**	**11.4**
United States owned investments:[5]										
Manufacturing	0.9	1.3	1.2	2.0	2.7	3.0	3.4	3.6	3.9	4.6
Mining and smelting	0.2	0.3	0.2	0.4	0.7	1.0	1.3	1.6	1.9	2.1
Railways	0.5	0.8	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.5
Other utilities	0.3	0.5	0.5	0.4	0.6	0.7	0.7	0.8	0.8	1.0
Merchandising	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.4	0.4	0.5
Total of above	**2.0**	**3.0**	**2.6**	**3.7**	**4.9**	**5.6**	**6.4**	**7.0**	**7.6**	**8.7**
Total Canadian and external investment in companies controlled outside Canada:										
Manufacturing	1.1	1.4	1.3	2.5	3.5	4.0	4.5	5.0	5.7	6.5
Mining and smelting	0.2	0.3	0.3	0.4	0.8	1.1	1.4	1.7	2.2	2.5
Railways	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other utilities	0.3	0.5	0.8	0.6	0.8	0.5	0.6	0.7	0.7	0.7
Merchandising	0.1	0.2	0.2	0.3	0.4	0.5	0.5	0.5	0.6	0.7
Total of above	**1.8**	**2.5**	**2.5**	**3.9**	**5.6**	**6.2**	**7.1**	**8.0**	**9.3**	**10.5**
Total Canadian and external investment in companies controlled in the United States:										
Manufacturing	0.9	1.2	1.1	2.2	3.0	3.4	3.8	4.2	4.7	5.3
Mining and smelting	0.2	0.3	0.3	0.4	0.8	1.1	1.4	1.6	2.1	2.3
Railways	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other utilities	0.2	0.5	0.6	0.6	0.8	0.5	0.5	0.6	0.6	0.6
Merchandising	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.4	0.4	0.5
Total of above	**1.5**	**2.2**	**2.2**	**3.5**	**5.0**	**5.4**	**6.2**	**6.9**	**7.9**	**8.8**

See footnotes at end of table.

TABLE XVI. Estimated Book Value, Ownership and Control of Capital Employed in Selected Canadian Industries – Concluded
Year Ends, 1954 - 1956

B. Petroleum and Natural Gas Industry segregated[1]

Industry	1954	1955	1956
	billions of dollars		
Total capital employed:[2]			
Manufacturing	8.3	8.9	9.9
Petroleum and natural gas	2.5	3.0	3.5
Other mining and smelting	1.9	2.1	2.5
Railways	4.1	4.2	4.4
Other utilities	5.3	5.9	6.4
Merchandising[3] and construction[4]	6.1	6.5	7.3
Total of above	**29.2**	**30.6**	**34.0**
Resident owned capital:			
Manufacturing	4.4	4.7	5.1
Petroleum and natural gas	1.0	1.1	1.2
Other mining and smelting	0.9	1.0	1.2
Railways	2.7	2.8	3.0
Other utilities	4.6	5.2	5.5
Merchandising and construction	5.5	5.9	6.6
Total of above	**19.1**	**20.7**	**22.6**
Non-resident owned capital:[5]			
Manufacturing	3.9	4.2	4.8
Petroleum and natural gas	1.5	1.9	2.3
Other mining and smelting	1.0	1.1	1.3
Railways	1.4	1.4	1.4
Other utilities	0.7	0.7	0.9
Merchandising	0.6	0.6	0.7
Total of above	**9.1**	**9.9**	**11.4**
United States owned investments:[5]			
Manufacturing	3.1	3.3	3.8
Petroleum and natural gas	1.4	1.7	2.1
Other mining and smelting	0.9	1.0	1.1
Railways	0.6	0.6	0.5
Other utilities	0.6	0.6	0.7
Merchandising	0.4	0.4	0.5
Total of above	**7.0**	**7.6**	**8.7**
Total Canadian and external investment in companies controlled outside Canada:			
Manufacturing	4.3	4.6	5.2
Petroleum and natural gas	1.7	2.3	2.8
Other mining and smelting	1.0	1.2	1.4
Railways	0.1	0.1	0.1
Other utilities	0.4	0.5	0.4
Merchandising	0.5	0.6	0.6
Total of above	**6.0**	**9.3**	**10.5**
Total Canadian and external investment in companies controlled in the United States:			
Manufacturing	3.4	3.7	4.1
Petroleum and natural gas	1.7	2.2	2.6
Other mining and smelting	0.9	1.1	1.3
Railways	0.1	0.1	0.1
Other utilities	0.4	0.4	0.3
Merchandising	0.4	0.4	0.4
Total of above	**6.9**	**7.9**	**8.8**

[1] Investment in the Petroleum and Natural Gas Industry. Estimates for years prior to 1954 have not been constructed for Tables XII, XIV, or XVI grouping data for the petroleum and natural gas industry as a whole, as is done for more recent years in these tables and for all years elsewhere in this report. Under procedures in use earlier, components of the industry have appeared under four separate categories of investment. Concerns engaged in refining have been classified under manufacturing. Those engaged primarily in exploration and development of petroleum and natural gas have been included under mining and smelting. Concerns engaged primarily in the transportation of petroleum and natural gas, whether by pipeline or other means, have been shown as utilities, and those engaged primarily in marketing and distribution have been included under merchandising. (For further explanation see page 33 of "The Canadian Balance of International Payments, 1957, and International Investment Position").

[2] Based largely on reported statistics of capital employed 1926–1939 and estimated from "Taxation Statistics" and other sources for subsequent years (See Statistical Notes pages 68 - 70 in "Canada's International Investment Position, 1926 - 1954").

[3] Estimates of total capital employed in merchandising are founded on less satisfactory data than for other series and must be regarded as illustrating broad relative magnitudes only.

[4] Corporations engaged in the construction industry are included in the post-war period.

[5] For the post-war years the figures shown are in some cases somewhat larger than the corresponding data in preceding tables. "Other enterprises" have been included with manufacturing, and some funded debt of governments and municipalities relevant to undertakings in "Other utilities" has also been included.

Note: Because of rounding and of possible statistical shortcomings in parts of the series, it should be recognized that some of the amounts of year to year changes, derived from the table as shown, may have only a limited significance and may from time to time be misleading.

Supplement to
Catalogue No.
67 - 201

A Supplement to "THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS, 1958, AND INTERNATIONAL INVESTMENT POSITION"

Since "The Canadian Balance of International Payments, 1958, and International investment Position" went to press, additional statistical material has become available which brings forward and extends the data covered in this report. The material is contained in statements on the following pages.

Foreign Ownership and Control of Canadian Industry

Estimates of the book value of total investment in selected Canadian industries have now been completed for the end of 1957 and permit the calculation of ratios of foreign ownership and control at that date. Again in 1957, as in the previous year, more than half of the increases in the book values of the manufacturing industry, the petroleum and natural gas industry, and mining and smelting, were reflected in increased non-resident ownership and control.

In manufacturing, the ownership by residents fell from 52 per cent in 1956 to 50 per cent in 1957, while the capital controlled by residents fell from 48 per cent to 44 per cent of the total. Notable changes occurred in 1957 in the primary iron and steel category where Canadian ownership declined from 84 per cent to 76 per cent, and control from 93 per cent to 74 per cent. Canadian ownership of the transportation equipment industry, on the other hand, rose from 42 per cent to 53 per cent, reflecting stock issues and other financing carried out by a foreign-controlled concern in Canada. The growth of natural gas pipe lines controlled and financed in part in Canada, and the coincident renovation and expansion of natural gas distribution systems in which Canadian capital has been prominent, are reflected in an increase in Canadian ownership of the petroleum and natural gas industry, taken as a whole, from 35 per cent to 36 per cent, and a greater increase in the proportion of the industry controlled in Canada from 20 per cent to 24 per cent. Canadian ownership of mining and smelting also rose, from 43 per cent to 44 per cent, but control fell from 42 per cent to 39 per cent; the proportion of this industry controlled in overseas countries rose from 2 per cent in 1955 to 6 per cent in 1956 and further to 9 per cent in 1957 reflecting in part the development of British-controlled uranium enterprises. (The sub-divisions, smelting and refining of non-ferrous native ores, and other mining, are affected by the reclassification of a Crown corporation from the latter to the former classification).

Taking into account also railways, other utilities, merchandising, and construction, which are predominantly Canadian owned and controlled, non-resident ownership of the industries covered in the tables and comment rose during 1957 from 34 per cent to 35 per cent, and non-resident control rose from 31 per cent to 33 per cent. By contrast, at the end of 1948 these industries were 32 per cent owned and 25 per cent controlled by non-residents.

Direct Investment in Canada by Countries other than the United States and United Kingdom

Direct investment in Canada by countries other than the United States and United Kingdom amounted to $487 million at the end of 1957, having grown eightfold in the post-war years. Nearly 40 per cent of the increase since 1945 occurred in the two years between 1955 and 1957, when the book value rose by 50 per cent. This rate of growth was considerably higher than for either the United States or United Kingdom, although of course the amounts involved are smaller. By the end of 1958 these investments are estimated to have increased further to $525 million.

The statement on page 4 shows the geographic distribution of ownership of these investments at the end of 1955 and of 1957. It reveals the exceptionally rapid growth of direct investment by the Federal Republic of West Germany which almost quadrupled in the two year period. The next largest increases were in investments by Belgium, France, and Switzerland. Belgium was the leading country at the end of 1957 as in 1955. French direct investments grew to a larger total than those of Switzerland by the end of 1957, the two countries exchanging the second and third places. Germany followed. The largest part of Belgian investment was in the petroleum industry. French and Swiss investments were largely in the financial category, which also includes real estate ownership. German investments on the other hand were largely in the manufacturing field.

The figures do not include "miscellaneous investments" in real estate, mortgages, assets administered for non-residents, private investment companies, etc., which amounted to $213 million at the end of 1957. Some of these investments are similar in character to the direct investment covered in the statement.

Foreign Ownership and Control of Canadian Industry

Industry classification	TABLE XII Non-Resident OWNERSHIP as a percentage of selected Canadian industries 1957	TABLE XIV Non-Resident CONTROL as a percentage of selected Canadian industries 1957
Percentage of total owned or controlled by all non-residents:		
Manufacturing	50	56
Petroleum and natural gas	64	76
Mining and smelting	56	61
Railways	30	2
Other utilities	15	5
Total of above industries and merchandising	35	33
Percentage of total owned or controlled by United States residents:		
Manufacturing	39	43
Petroleum and natural gas	58	71
Mining and smelting	46	52
Railways	11	2
Other utilities	12	4
Total of above industries and merchandising	27	27

TABLE XV Ownership and Control of Selected Canadian Industries, End of 1957

No.		Estimated Total Investment	Investment owned in: Canada	United States	United Kingdom	Other Countries
		millions of dollars				
	Manufacturing:					
1	Beverages	441	321	98	20	2
2	Rubber	177	28	136	13	-
3	Textiles	609	481	71	55	2
4	Pulp and paper	1,639	771	727	133	8
5	Agricultural machinery	171	103	68	...	...
6	Automobiles and parts	386	86	298	1	1
7	Transportation equipment n.o.p.	277	148	57	72	-
8	Primary iron and steel	557	422	79	51	5
9	Electrical apparatus	494	150	297	31	16
10	Chemicals	947	360	423	142	22
11	Other	4,896	2,415	1,937	405	139
12	Sub-total	10,594	5,285	4,191	923	195
13	Petroleum and natural gas	4,456	1,603	2,561	107	185
	Mining:					
14	Smelting and refining of non-ferrous native ores	893	411	350	70	62
15	Other mining	1,934	842	962	92	38
16	Sub-total	2,827	1,253	1,312	162	100
17	Total of above industries	17,877	8,141	8,064	1,192	480

IMPORTANT NOTE: The footnotes and qualifications given in the annual report are applicable to all these data.

TABLE XVI. B Estimated Book Value, Ownership and Control of Capital Employed in Selected Canadian Industries, End of 1957

billions of dollars

Industry classification	Total Capital Employed	Resident Owned Capital	Non-Resident Owned Capital
Manufacturing	10.6	5.3	5.3
Petroleum and natural gas	4.5	1.6	2.9
Other mining and smelting	2.8	1.3	1.6
Railways	4.6	3.2	1.4
Other utilities	7.0	6.0	1.0
Merchandising and construction	7.7	7.0	0.7
Total of above	37.2	24.3	12.9

Industry classification	United States Owned Investments	Total Canadian and External Investment in Companies Controlled Outside Canada	Total Canadian and External Investment in Companies Controlled in the United States
Manufacturing	4.2	5.9	4.6
Petroleum and natural gas	2.6	3.4	3.2
Other mining and smelting	1.3	1.7	1.5
Railways	0.5	0.1	0.1
Other utilities	0.8	0.4	0.3
Merchandising and construction	0.5	0.7	0.5
Total of above	9.9	12.2	10.0

Total Canadian and external capital in companies controlled in:			Percentage of capital employed owned in:				Percentage of capital employed controlled in:			
Canada	United States	Elsewhere outside Canada	Canada	United States	United Kingdom	Other Countries	Canada	United States	Elsewhere outside Canada	No.
millions of dollars										
384	51	6	73	22	4	1	87	12	1	1
5	157	15	16	77	7	-	3	89	8	2
494	65	50	79	12	9	-	81	11	8	3
737	704	198	47	44	8	1	45	43	12	4
101	70	...	60	40	...	...	59	41	...	5
21	365	-	22	77	1	-	5	95	-	6
91	57	129	53	21	26	-	33	21	46	7
413	46	98	76	14	9	1	74	8	18	8
112	317	65	30	60	7	3	23	64	13	9
245	478	224	38	45	15	2	26	50	24	10
2,083	2,283	530	49	40	8	3	42	47	11	11
4,686	4,593	1,315	50	39	9	2	44	43	13	12
1,073	3,150	233	36	58	2	4	24	71	5	13
308	585	-	46	39	8	7	34	66	-	14
797	869	268	43	50	5	2	41	45	14	15
1,105	1,454	268	44	46	6	3	39	52	9	16
6,864	9,197	1,816	45	45	7	3	38	52	10	17

IMPORTANT NOTE: The footnotes and qualifications given in the annual report are applicable to all these data.

Direct Investment in Canada by Countries other than the United States and United Kingdom

End of 1955 and 1957

Country of Ownership	Book Value 1955	Book Value 1957
	millions of dollars	
Australia	6	6
Other Sterling Area	8	13
Sub-total Sterling Area excluding United Kingdom	14	19
Belgium	107	139
Denmark	7	7
France	64	91
Germany	14	54
Netherlands	9	23
Sweden	12	19
Switzerland	67	85
Other OEEC countries	3	4
Sub-total OEEC countries other than Sterling Area	283	422
Panama	7	10
Other Latin American countries	1	3
Sub-total Latin America	8	13
Other countries (1)	20	33
Total (2)	325	487

(1) Includes some $19 million in 1955 and $32 million in 1957 whose beneficial ownership has not been identified by country.

(2) Distribution of these totals by industry will be found in Table X, part D.

In Press

Readers of this report may also be interested in a reference paper on "Canada's External Short-Term Assets and Liabilities 1945-1957" which will be published before the end of the year under Catalogue No. 67-504.

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