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QUARTERLY ESTIMATES OF
THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS
FOURTH QUARTER, 1953 AND
PRELIMINARY ESTIMATES, CALENDAR YEAR 1953



Canada's current transactions in all goods and services with other countries resulted in a deficit of \$467 million for the twelve months of 1953 compared with a surplus of \$157 million in 1952. Most of this change occurred in the alteration in the merchandise trade account from an export balance to an import balance. This made up \$546 million of the net change in the year of \$624 million from a current account surplus to a deficit. About one-third of the change in the commodity account was due to a drop in the value of exports while the remaining two-thirds resulted from the rise in Canadian imports. The deficit from all other current transactions rose by \$78 million. This latter change was mainly due to larger military expenditures by Canada abroad, a deficit on freight account and some increase in official contributions to other countries. Not included above are goods and services of \$246 million provided by the Canadian Government in 1953 as Mutual Aid to North Atlantic Treaty countries.

The re-appearance of a current account deficit was mainly due to the decrease in the surplus with overseas countries from \$1,015 million to \$481 million. About half of this decline was with the sterling area. There was also an increase in the deficit with the United States from \$858 million to \$948 million.

Although there was a deficit in every quarter of 1953 most of this developed during the first half of the year, there being deficits in the first two quarters of \$189 million and \$190 million respectively. In the third quarter the deficit was \$16 million and in the fourth quarter there was a deficit of \$72 million. The striking increase in the volume of imports, which was mainly responsible for the appearance of the deficit in 1953, was reversed in the fourth quarter when import volume and value fell below the corresponding 1952 levels.

Transactions on current account have led to deficits in three of the last four years. The principal source of the deficits has been the payments made abroad by Canada on interest and dividend account and for services, in the absence of an export surplus on merchandise trade. But the leading changes from year to year have been the fluctuations in the merchandise trade balance, with the disappearance of an export balance in 1951 and 1953, and only a negligible balance in 1950. The current account surplus in 1952 was due to a large export balance associated with a sharp fall in import prices for much of that year coupled with a large increase in exports of grains. The emergence of deficits has been closely related to the rapid increase in investment since 1949 and rising consumer expenditures. During this period there have also been substantial contributions of Mutual Aid by Canada to NATO and other defence expenditures both in Canada and abroad which have had the effect of increasing the deficit in the balance of payments. In relation to total current transactions the deficits have been small; that of 1953 was only 4 per cent of total current transactions and about 8 per cent of total current receipts.

Over the year as a whole the inflow of capital for direct investment and the net proceeds of new issues and retirements abroad of Canadian securities were together more than sufficient to finance Canada's net purchases of goods and services. The particularly persistent inflows of funds for direct investment in foreign-controlled enterprises in Canada, associated particularly with resource development, have risen in each post-war year and have been a major contributor to the

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relative strength of the Canadian dollar. Other types of capital movements varied both in nature and direction over the year, but on balance were outwards although on a greatly reduced scale in comparison with 1952.

Opposite movements in trade lead to deficit

The most important single change in the current account was the appearance of a merchandise trade deficit of \$55 million in sharp contrast to the surplus of \$491 million in 1952. (1) While merchandise exports fell by \$185 million, imports rose by \$361 million. The rise in imports was due wholly to a rise of 9 per cent in the volume of imports, with average prices almost unchanged. The decline in exports reflects a fall of less than 2 per cent in volume and about 3 per cent in price. The slight deterioration in the terms of trade in 1953 contributed to the appearance of a deficit on merchandise trade, but by far the most important factor was the increase in import volume.

In the first quarter of 1953 exports were more than seasonally low but in the next two quarters recovered in value and volume to approximately the 1952 levels. In the fourth quarter both exports and imports failed to show their usual seasonal increase. The decrease in exports was spread over a number of important products, including a decline in wheat exports which occurred mainly in the fourth quarter of 1953. Sales of wood pulp and some other wood products were lower but exports of newsprint paper rose to a new peak. There were some substantial decreases in exports of manufactured goods including a decrease in exports of automobiles from the exceptional level of the previous year, and sharply reduced exports of farm implements to the United States. While exports of lead and zinc were lower, aluminum and nickel exports increased. A number of overseas markets reduced their purchases of Canadian grains, metals, wood products and other exports. Increased exports to the United States in some cases offset much of the decline in exports to overseas countries.

The spectacular rise in the value and volume of imports in 1953 was not evenly distributed through the year. Some retardation in the growth of imports appeared in the third quarter, while the level of imports in the fourth quarter of 1953 was below that of both the preceding quarter and the corresponding quarter of 1952. The increases for the year were widespread, reflecting the higher levels of activity in most sectors of the economy in a period during most of which inventories were generally rising. The substantial increase in volume in 1953 follows an even larger rate of increase in the two previous years with the result that the volume of imports in 1953 was more than one-third larger than in 1950. Substantial increases occurred in imports of producers' investment goods such as machinery and electrical apparatus. Both durable consumer goods such as automobiles and refrigerators, and non-durables such as textiles, showed large increases. Imports of a variety of industrial materials were also higher. Larger imports from the United States and the United Kingdom accounted for the bulk of the increase in imports. An increase of one-third in purchases from the United Kingdom was particularly notable.

Larger deficit on non-merchandise transactions

The deficit on non-merchandise transactions widened in 1953 by \$78 million to \$412 million. This is the largest deficit for the so-called invisible items in the post-war period, and is a continuation of the substantial deficits appearing for these items since 1950. The enlarged deficit for these items in 1953 was due solely to transactions with overseas countries; transactions in non-merchandise items with the United States led to a reduced deficit in 1953. The payments balance for non-merchandise items deteriorated most in the first half of the year, when compared with the period one year earlier. This was the period when the trade deficit deteriorated most also.

The largest change in 1953 occurred in the freight and shipping account. This change from a small surplus to a deficit is partly related to the changes in the volume and direction of trade. There was a decline in the receipts of Canadian shipping companies from carrying exports overseas and from traffic between foreign ports, and some reduction in receipts of inland freight. At the same time an increase in the volume of imports raised Canadian payments for the transportation of imports, although there was a decline in the cost of some transportation services.

The other important change leading to the increased deficit on invisibles was in the miscellaneous account. Government transactions of a service nature have dominated changes in this account in recent years. While United States Government expenditures in Canada for defence purposes

(1) Export and import values are adjusted for balance of payments purposes, while price and volume indexes refer to unadjusted trade data. Adjustments are made to Customs imports and exports for non-commercial items, defence payments, and duplication with other parts of the current account. In 1952 and 1953 these adjustments reduced exports by about \$20 million in each year and imports by about \$180 million in each year. Thus changes in exports, imports and the trade balance will be about the same in both adjusted and unadjusted trade data, although the balances themselves will differ in each year.

increased in 1953, the payments side of this account rose more rapidly. A large part of the increased payments arose from the settlement of costs incurred in Korea and in connection with Canada's commitments under the North Atlantic Treaty. Expenditures under the Colombo Plan were also larger. Both receipts and payments for business services rose in 1953. Higher levels of economic activity, resource development and foreign investment have raised payments in particular to very high levels in recent years.

A reduction in the usual large deficit on income account offset in part the increased deficits referred to above. Net payments of interest and dividends, which reached a peak of \$384 million in 1950, have been steadily reduced to a net payment of \$271 million in 1952 and \$251 million in 1953. Payments of interest and dividends at \$410 million were relatively unchanged from 1952 to 1953, an increase in interest payments offsetting most of the decline in dividend payments. Part of the decrease in dividend payments reflects cuts in dividend rates as earnings declined, while in other cases lower dividend payments were due to the retention of earnings for expansion programs. Receipts of dividends from Canadian direct investments abroad were substantially higher again in 1953. Dividend receipts and payments cannot be easily related to such factors as the flow of funds for investment and to current earnings. Many of the current foreign investments in Canada, for example, are not likely to pay dividends during early stages of operation. The relation between current earnings and dividend payments is affected by decisions to retain earnings. Part of the larger dividend payments made a few years ago reflected the payment of past earnings, while part of the larger receipts in the last few years are related to the same factor.

In contrast to previous years there was an appreciable rise of 10 per cent in the expenditures of travellers from other countries in Canada. This was sufficient to reduce the deficit on travel account with the United States from \$37 million to \$25 million as Canadian expenditures in the United States rose by only 4 per cent. Most of the gain in United States expenditures in Canada was due to an increase in traffic, particularly in the inward movement of summer visitors by automobile. The increase in expenditures of Canadians travelling in the United States was more moderate than the rise of 19 per cent in the previous year and seems partly attributable to increased purchases of merchandise by travellers. But there was a substantial rise of 23 per cent in the expenditures of Canadians on travel overseas and only a small rise in the expenditures of overseas travellers in Canada. Consequently the deficit on travel account with overseas countries rose from \$29 million to \$38 million with the result that only a slight reduction occurred in the deficit in the travel account with all countries.

Gold production available for export was lower in 1953 than in 1952, reflecting mainly the effects of the strike in the last part of the year.

International Transactions with Principal Countries
and Areas, 1952 and 1953

(Millions of dollars)

	<u>All Countries</u>		<u>United States</u>		<u>United Kingdom</u>		<u>Other Countries</u>	
	1952	1953	1952	1953	1952	1953	1952	1953
Exports (adjusted)	4,337	4,152	2,346	2,458	727	656	1,264	1,038
Imports (adjusted)	3,846	4,207	2,813	3,045	350	462	683	700
Balance on trade	+ 491	- 55	- 467	- 587	+ 377	+ 194	+ 581	+ 338
Other transactions (net)	- 334	- 412	- 391	- 361	+ 10	- 53	+ 47	+ 2
Current account balance	+ 157	- 467	- 858	- 948	+ 387	+ 141	+ 628	+ 340

Surplus with overseas countries sharply reduced throughout 1953

The deterioration of the current account in 1953 was due largely to transactions with the United Kingdom and other overseas countries. The fall in the current surpluses with overseas countries, while occurring throughout 1953, was particularly large in the first half of the year, when compared to the period one year earlier. Exports to the United Kingdom were lower in 1953 while imports rose sharply. The small surplus on non-merchandise items in 1952 changed to a deficit in 1953, reflecting primarily the settlement of defence costs. The resulting current surplus of \$141 million with the United Kingdom was well under those of any post-war year except the virtual balance in 1950. The current surplus with other sterling area countries was also decreased to \$85 million, largely due to a greater fall in exports than imports. A substantial fall in exports to other overseas countries was the main factor in reducing the surplus with these countries as a whole. The disappearance of the surplus on services with this group of countries was also an important factor which was due to the coincidence of a variety of factors affecting most items. The rise in the deficit with the United States was wholly due to commodity transactions. While exports to the United States rose in 1953, merchandise imports rose more rapidly. The deficit on non-merchandise transactions with the United States was reduced, due to improvement on travel and income account and larger receipts from United States Government expenditures in Canada.

Merchandise trade surplus in fourth quarter

A surplus of \$50 million on commodity trade was recorded in the fourth quarter of 1953. The usually large net payments for non-merchandise items in that quarter, however, led to a current account deficit of \$72 million in contrast to a small surplus of \$13 million one year earlier. The value and volume of exports and imports in the fourth quarter of 1953 were below the corresponding 1952 levels. On a seasonally adjusted basis the volume of exports in the fourth quarter of 1953 was at the lowest quarterly level of the past two years while the volume of imports was less than in any quarter since the first half of 1952. Much of the fourth quarter decline in exports was due to lower sales of grains, while the drop in imports coincides with a period when most business inventories were declining in contrast to the general increases earlier in the year. The deficit on non-merchandise items increased over that of the fourth quarter of 1952, as receipts fell more than payments. Payments were lower as compared to the fourth quarter of 1952 because of lower dividend and freight payments. Receipts fell as gold available for export reflected the strike in the mines and freight receipts fell with the decline in export volume.

In the first quarter of 1953 merchandise exports were well below the corresponding quarter of 1952, while imports exceeded the 1952 level. An import deficit of \$83 million contrasts with an export surplus of \$121 million in the first quarter of 1952. Both exports and imports rose rapidly in the second quarter of 1953, and with imports at a new peak, a deficit appeared on merchandise trade once more in contrast to the situation one year earlier. The first half of 1953 was the period of most rapid deterioration in both the trade and non-merchandise items. Receipts for services and from non-monetary gold exceeded the 1952 levels in this period but the increase in payments for services was greater. In line with changes in the volume and direction of trade, freight receipts were lower while payments rose over the levels of the first half of 1952. Dividend payments were also higher, and government payments abroad for defence costs were heaviest in the second and third quarters. The small current surpluses of the first two quarters of 1952 changed to deficits of \$189 million and \$190 million in the first two quarters of 1953.

The volume of imports reached a post-war quarterly peak in the second quarter of 1953. Both import and export values fell in the third quarter but the greater fall in the former led to a small surplus in trade. Both receipts and payments for non-merchandise transactions rose by about the same amount over the period one year earlier. The current deficit of \$16 million was the smallest for the year, due both to an improved trade balance from the preceding quarter and the seasonal peak in travel receipts in the third quarter.

Capital movements and Canada's balance of indebtedness

Canada's current account deficit was, of course, financed by an equivalent net import of capital from abroad. Flows of private capital for long-term direct and portfolio investment together were more than enough to meet the deficit of \$467 million in 1953. In 1953 other capital movements were on a generally reduced scale compared with 1952. In that year persistent long-term capital inflows coincided with a current surplus and extremely large short-term capital outflows took place as a consequence.

Canada's transactions with other countries in 1953 contributed to a further growth of Canada's international indebtedness. At the end of 1952 foreign long-term investment of all types in Canada was estimated at about \$10.2 billion, and it seems likely that this increased to nearly \$11 billion during 1953. But Canada also has a considerable investment abroad in the form of private direct and portfolio investments, and of government assets including both loans to other governments and official holdings of gold and foreign exchange. Canada's net balance of international indebtedness

after declining through the war years has been growing with the period of heavy expansion in the Canadian economy, and is now again approaching the level of \$5.5 billion recorded in 1939. The great growth of Canadian productive resources since that time, however, has been chiefly financed from the savings of residents of Canada.

Interest and exchange rates in 1953 in relation to Canada's balance of payments

Changing inter-relationships between interest rates in Canada and in the United States appear to have played an important role in Canada's balance of international payments in 1953. Over the year as a whole interest rates in both countries rose very slightly and the spread of 90 base points between representative long-term government bonds remained unchanged. In the course of the year, however, marked differences developed. By May and June, as a result mainly of higher rates in the United States, the spread had narrowed to 59 base points. The changing conditions in money markets in the United States, of which these figures are a reflection, resulted in a sudden but limited wave of liquidation of non-resident holdings of Canadian government bonds in the second quarter of the year; they were also a factor contributing to a sharp decline in the sale of new issues abroad by Canadians. As interest rates in the United States fell again in the latter part of the year, the volume of new issues abroad rose sharply and net capital imports also developed from trading in outstanding issues of government bonds.

At the close of the year the price of the United States dollar in Canada was 97.37 cents, an increase of 0.34 cents in the year. The trading range over the year of 3.03 cents was narrow in comparison with 1952. Despite the emergence of a substantial current account deficit in the first quarter, representing a change of over \$200 million, heavier long-term capital inflows for direct investment in Canadian enterprises and for new issues of Canadian securities provided strength, and the United States dollar rose only from an average of 97.02 cents in the fourth quarter of 1952 to 97.71 cents. In the succeeding quarter there was little change in the current account deficit but the sharp contraction of new issues and the capital outflow on account of outstanding securities contributed to a further rise to 99.08 cents. The substantial reduction of Canada's current account deficit in the third quarter was probably the leading factor in the fall of the United States dollar to 98.82 cents. In the final quarter, when the rate averaged 97.77 cents, the effects of a somewhat larger current deficit were more than offset by a substantial increase in the volume of new issues.

Summary of Capital Movements, 1952 and 1953

(Millions of dollars)

	<u>1952</u>	<u>1953</u>
Direct investment in Canada	+ 332	+ 385
Canadian securities		
Trade in outstanding issues	- 95	- 31
New issues	+ 319	+ 322
Retirements	- 89	- 144
Official loan repayments	+ 56	+ 87
Canadian dollar holdings of foreigners	- 66	- 13
Official holdings of gold and foreign exchange	- 37	+ 38
Capital movements n.o.p.	- 577	- 177
Net Capital movement financing		
current account balance	- 157	+ 467

Large direct investment capital flows both to and from Canada

The flow of capital into Canada for direct investment in foreign-controlled enterprises continued to increase in 1953, as it has each year since the end of the war. The net movement is tentatively estimated to have reached a record figure of \$385 million in 1953, an increase of some \$50 million over the preceding year. United States residents provided about \$325 million of the total. Preliminary figures suggest that the net movement from the United Kingdom, which was placed at \$15 million in 1952, was probably from two to three times this in 1953, and movements from other overseas countries also appear to have increased significantly. Nearly one-half of the total inflow went into the petroleum industry including exploration and development, pipelines, and refineries. Accounting for more than one quarter was the mining industry and related transportation facilities. Foreign direct investment capital also went into a variety of other businesses in Canada including the manufacture of such products as aircraft, home appliances, chemicals, and electric cables, and into such service fields as merchandising and banking. And it should not be overlooked that substantial amounts of the capital inflows recorded under other categories also were directly related to the financing of Canadian industry. A further \$30 million was, for example, provided by non-residents to mining and petroleum companies through the purchase of new stock and bonds issued by Canadian companies and through the extension of short and long-term loans recorded under "other capital movements". Manufacturing companies and finance companies also received important amounts of capital in this form.

Preliminary data suggest that the outflow of capital for direct investment in Canadian-owned enterprises abroad was of the order of \$55 million, a considerable reduction from the total for 1952, but well above earlier years. About one-half of the net movement was to the United States, and the balance was to overseas countries, including the United Kingdom. As in 1952 capital was supplied to a variety of undertakings including manufacturing industries, petroleum and other mining enterprises, and to utilities.

Portfolio security transactions also lead to capital inflows

Portfolio security transactions gave rise in 1953 to a net capital movement into Canada of \$144 million, somewhat higher than in 1952 but well below the levels of the two preceding years. Trade in outstanding issues led to a relatively small purchase balance or capital outflow of \$12 million, in contrast to the record outflow of \$85 million which occurred in 1952. Taking the year as a whole, the general pattern of trading was much the same as in 1952. There continued to be net repurchases of Canadian government bonds from the United States, offset by net sales of securities of Canadian corporations. But these movements took place on a reduced scale and the repurchase balance with the United States fell. There was a striking increase in net sales to the United Kingdom of outstanding securities, mainly Canadian, which totalled \$29 million; this was the first annual sales balance since 1937. Net sales to other overseas countries aggregating \$20 million were also higher than in the previous year but did not reach the very high levels of 1951.

New issues and retirements of Canadian securities led to a net capital inflow of \$178 million, while similar transactions in foreign securities led to an outflow of \$22 million. Sales to non-residents of new Canadian issues were concentrated in the first and last quarters of the year when a substantial volume of financing was done in the New York market. The rapid rise of long-term interest rates in the United States in the second quarter, already referred to, contributed to a lower volume of offerings abroad in the middle quarters of the year. Two-thirds of the new issues sold to non-residents were those of provinces and municipalities, and the balance was about evenly divided between funded debt and equity securities of corporations. Retirements of non-resident owned Canadian securities were dominated by the repurchase in the second quarter for Government account of \$75 million Canada 3/63 (external) loan; this transaction was financed directly by a reduction of Canada's official holdings of gold and foreign exchange. Further comment on international security transactions in 1953 will be found in the DBS report "Sales and purchases of Securities between Canada and Other Countries, December 1953, and Review of Trade during 1953".

Other capital movements closer to balance than in 1952

Repayments on loans to foreign governments brought Canada \$87 million in 1953 compared with \$56 million in 1952. Settlements from the United Kingdom on the Canadian loans of 1942 and 1946 accounted for \$64 million of the 1953 total, representing an increase of \$27 million over the preceding year. The new agreement between the United Kingdom and Canada with respect to repayment of the 1942 loan was discussed in detail in the last issue of this report.

Over the year foreigners reduced their holdings of Canadian dollars by \$13 million, increases of \$67 million in the first half of the year having been more than offset by decreases of \$80 million in the final six months. Canada's official holdings of gold and foreign exchange also declined over the year. A decrease of \$107 million in the first half of the year was accounted for principally by the Government debt repatriation mentioned above; in the final half of the year official holdings rose by \$69 million, leaving a net decrease or capital inflow of \$38 million for the year as a whole.

All other capital movements continued to be outwards on balance as in 1952. The net outflow of \$119 million in 1953 represents, however, a significant reduction from the figure of over \$500 million in the preceding year. In the second quarter of the year when there was the greatest pressure on Canada's balance of international payments a net inflow was recorded, the first such balance in this category of capital movements since the period of credit stringency in 1951. Precise analysis of this category of movements is not possible at the present time, and it should be noted that the heterogeneous character of the transactions covered makes the balance of limited significance.

Canadian Mutual Aid to NATO Countries

Canada's contributions of Mutual Aid to North Atlantic Treaty countries under the Defence Appropriation Act are of related interest although not included in the statements shown in this report. The value of goods and services contributed by Canada as Mutual Aid in 1953 was \$246 million bringing the total in the four years ending 1953 to approximately \$648 million. The amounts in the earlier years of 1950 to 1952 were \$57 million, \$145 million, and \$200 million respectively. In contrast to previous years a substantial part of this aid in 1953 took the form of military equipment currently produced in Canada. In addition there were again shipments of military equipment and stores from existing stocks in Canada, and the provision of air training by Canada to air crews of member countries. Many of these forms of aid directly or indirectly affected the balance of payments, in the direction of increasing the deficit.

Mutual Aid by Canada is additional to defence expenditures incurred in connection with the equipment and maintenance of Canadian military personnel in the North Atlantic Treaty countries, which are included in balance of payments statements, as are other military expenditures abroad.

Forthcoming annual report

A more detailed presentation and analysis of Canada's international accounts in 1953 will appear in the D.B.S. publication *The Canadian Balance of International Payments, 1953 and International Investment Position* which is expected to be published before the middle of the year.

QUARTERLY ESTIMATES OF THE CANADIAN

Note: Data for 1953 are preliminary and

		1951				1952
		I	II	III	IV	I
A	Current Receipts					
1	Merchandise exports (adjusted).....	815	952	1,044	1,139	1,010
3	Gold production available for export	37	43	35	35	41
4	Travel expenditures	23	51	157	43	24
5	Interest and dividends	16	25	19	55	17
6	Freight and shipping.....	68	81	96	106	84
7	Inheritances and immigrants' funds	14	19	22	22	17
11	All other current receipts	65	57	65	62	63
12	Total Current Receipts	1,038	1,228	1,438	1,462	1,256
B	Current Payments					
1	Merchandise imports (adjusted).....	946	1,193	1,082	876	889
4	Travel expenditures	54	74	96	56	63
5	Interest and dividends	100	96	91	163	82
6	Freight and shipping.....	59	93	102	100	65
7	Inheritances and emigrants' funds	15	17	19	19	21
9	Official contributions	1	5	-	3	11
11	All other current payments.....	99	102	113	109	97
12	Total Current Payments	1,274	1,580	1,503	1,326	1,228
	Balance on Merchandise Trade	- 131	- 241	- 38	+ 263	+ 121
	Balance on Other Transactions, excluding B 9	- 104	- 106	- 27	- 124	- 82
	Official Contributions.....	- 1	- 5	-	- 3	- 11
C	Current Account Balance	- 236	- 352	- 65	+ 136	+ 28
D	Capital Account					
	Direct Investment					
1	Direct investment in Canada	+ 46	+ 75	+ 53	+ 135	+ 68
2	Direct investment abroad	- 3	- 4	- 4	- 9	- 6
	Canadian Securities					
3	Trade in outstanding issues	+ 63	+ 1	+ 11	- 37	-
4	New issues.....	+ 26	+ 155	+ 76	+ 154	+ 89
5	Retirements	- 25	- 37	- 67	- 55	- 12
	Foreign Securities					
6	Trade in outstanding issues	+ 1	+ 5	+ 5	+ 4	+ 6
7	New issues.....	-	- 1	- 1	- 1	- 19
8	Retirements	+ 1	-	+ 1	+ 1	-
	Loans by Government of Canada					
10	Repayment of post-war loans	-	+ 7	-	+ 27	-
11	Repayment of war loans.....	+ 5	+ 14	+ 8	+ 7	+ 2
14	Change in Canadian dollar holdings of foreigners	- 20	- 13	- 77	- 82	- 5
16	Change in official holdings of gold and foreign exchange (increase, minus).....	+ 110	- 45	+ 64	- 185	+ 24
17	Other capital movements	+ 32	+ 195	- 4	- 95	- 175
E	Net Capital Movement	+ 236	+ 352	+ 65	- 136	- 28

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

A 1) As used in the balance of payments, merchandise trade is adjusted to exclude such non-commercial items as settlers' effects and items like tourist purchases which are covered elsewhere in the accounts. Since 1951, furthermore, payments for defence purchases by governments have been substituted for the actual physical movements of the commodities as reported in Customs trade statistics.

A 11) This item includes government transactions (except merchandise trade and interest), personal remittances, miscellaneous income,

B 11) insurance transactions, and business services.

BALANCE OF INTERNATIONAL PAYMENTS

data for 1952 are subject to revision.

1952			1953				Annual Totals			
II	III	IV	I	II	III	IV	1951	1952	1953	
(millions of dollars)										
1,123	1,049	1,155	918	1,113	1,077	1,044	3,950	4,337	4,152	A
35	37	37	48	37	30	29	150	150	144	1
53	156	42	26	57	172	47	274	275	302	3
31	22	72	27	33	23	76	115	142	159	4
98	98	103	72	92	87	89	351	383	340	5
27	22	19	16	28	24	21	77	85	89	6
72	72	94	73	79	96	81	249	301	329	7
										11
1,439	1,456	1,522	1,180	1,439	1,509	1,387	5,166	5,673	5,515	12
984	936	1,037	1,001	1,161	1,051	994	4,097	3,846	4,207	B
97	110	71	68	95	124	78	280	341	365	1
88	95	148	86	102	81	141	450	413	410	4
98	105	107	73	108	111	98	354	375	390	5
24	24	25	21	22	23	24	70	94	90	6
-	-	5	10	9	3	2	9	16	24	7
106	112	116	110	132	132	122	423	431	496	9
										11
1,397	1,382	1,509	1,369	1,629	1,525	1,459	5,683	5,516	5,982	12
+ 139	+ 113	+ 118	- 83	- 48	+ 26	+ 50	- 147	+ 491	- 55	
- 97	- 39	- 100	- 96	- 133	- 39	- 120	- 361	- 318	- 388	
-	-	5	- 10	- 9	- 3	- 2	- 9	- 16	- 24	
+ 42	+ 74	+ 13	- 189	- 190	- 16	- 72	- 517	+ 157	- 467	C
+ 75	+ 103	+ 86	+ 100	+ 90	+ 95	+ 100	+ 309	+ 332	+ 385	D
- 15	- 15	- 28	- 5	- 10	- 10	- 30	- 20	- 64	- 55	1
- 19	- 51	- 25	+ 10	- 36	- 4	- 1	+ 38	- 95	- 31	2
+ 161	+ 23	+ 46	+ 130	+ 50	+ 12	+ 130	+ 411	+ 319	+ 322	3
- 41	- 7	- 29	- 27	- 89	- 9	- 19	- 184	- 89	- 144	4
+ 2	+ 2	-	+ 1	+ 3	+ 1	+ 14	+ 15	+ 10	+ 19	5
- 1	-	-	- 1	- 1	- 2	- 19	- 3	- 20	- 23	6
-	-	-	+ 1	-	-	-	+ 3	-	+ 1	7
+ 9	-	+ 24	+ 2	+ 11	-	+ 24	+ 34	+ 33	+ 37	8
+ 6	+ 8	+ 7	+ 4	+ 7	+ 39	-	+ 34	+ 23	+ 50	10
+ 3	+ 2	- 66	+ 46	+ 21	- 69	- 11	- 192	- 66	- 13	11
- 32	- 25	- 4	+ 16	+ 91	- 35	- 34	- 56	- 37	+ 38	14
- 190	- 114	- 24	- 88	+ 53	- 2	- 82	+ 128	- 503	- 119	16
- 42	- 74	- 13	+ 189	+ 190	+ 16	+ 72	+ 517	- 157	+ 467	17
										E

NOTES:

D A minus sign indicates an outflow of capital from Canada.

D1,2 Exclusive of undistributed profits.

D17 This item includes mainly short-term capital movements in the form of changes in international open account commercial indebtedness, private and chartered bank holdings of exchange, and loans between private unrelated parties. It also includes the balancing item representing unrecorded capital movements and errors and omissions.

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