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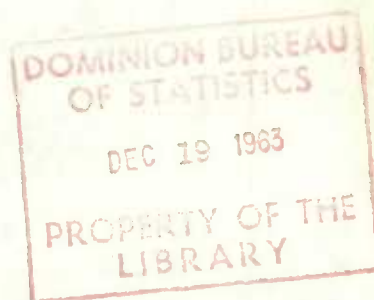
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**QUARTERLY ESTIMATES OF THE CANADIAN
BALANCE OF INTERNATIONAL PAYMENTS
THIRD QUARTER 1963**



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QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

THIRD QUARTER 1963

Rising merchandise exports improved the current account in Canada's balance of payments in the third quarter. Compared with the corresponding quarter of 1962, this rise was well in excess of a rise in imports and some deterioration in the balance from non-merchandise transactions. The result was a small surplus of \$8 million from net sales to non-residents of goods and services in the third quarter of 1963. While the current account is seasonally most favourable in this quarter of the year, mainly because of travel, the 1963 surplus compares with a deficit of \$34 million in 1962, and one must go back to 1954 to find another surplus. However, allowing for seasonal variations the balance on current account in the third quarter implied an enlarged deficit over earlier quarters of 1963.

In this period when the current account did not give rise to a need for external financing, the capital inflow in long-term forms contracted sharply. A number of special factors mentioned later influenced the size and direction of these flows. There were outflows of capital in short-term forms and Canada's official holdings of gold and foreign exchange were reduced moderately.

Summary Statement

	1962				1963		
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q
	millions of dollars						
Merchandise trade balance	- 7	- 45	+ 69	+ 138	+ 69	+ 76	+ 135
Deficit on non-merchandise transactions	- 326	- 317	- 103	- 257	- 313	- 263	- 127
Current account balance	- 333	- 362	- 34	- 119	- 244	- 187	+ 8
Capital movements:							
Long term forms	+ 24	- 23	+ 246	+ 441	+ 376	+ 203	+ 28
Short term forms(1)	- 65	- 249	+ 474	+ 156	- 66	+ 95	- 95
Change in official holdings of gold, foreign exchange, and net International Monetary Fund position, less special international financial assistance	- 374	- 634	+ 686	+ 478	+ 66	+ 111	- 59

(1) Excluding items in final line.

Export balance on merchandise trade

The shift in the current account balance from a moderate deficit in the third quarter of 1962 to a small surplus in 1963 was wholly dependent on merchandise trade. Following a better than 10 per cent gain in exports from \$1,628 million to \$1,801 million and a smaller increase of nearly 7 per cent in imports from \$1,559 million to \$1,666 million, Canada's commodity surplus with the rest of the world widened from \$69 million to \$135 million, which was about the level of the surplus in the same quarter of 1961. Both export and import totals have been adjusted for balance of payments use.

Exports of wheat and lumber were respectively more than \$40 million and \$30 million larger in the September quarter of 1963, and shipments of iron ore, newsprint and pulp were each over \$15 million higher. Exports of nickel were about \$20 million lower and those of uranium more moderately so.

Between the first nine months of 1962 and 1963, the expansion in the merchandise surplus again accounted preponderantly for the improvement in the current balance on goods and services. The expansion in the export balance from \$17 million to \$280 million resulted from a 9 per cent growth in merchandise exports from \$4,643 million to \$5,059 million and a rise of more than 3 per cent in imports from \$4,626 million to \$4,779 million. In the three quarters of 1963, exports of wheat and lumber each increased over \$50 million, and of iron ore, aluminum, wood pulp, agricultural machinery, and aircraft and measuring instruments each more than \$20 million. Smaller gains were recorded in shipments of semi-processed steel, fertilizers, railway locomotives, motor vehicles and parts, non-agricultural machinery and petroleum and natural gas. The value of aircraft exported fell more than \$30 million and those of barley and uranium less drastically.

On the basis of import details for the first 7 months of 1963, imports of automobile parts expanded nearly \$60 million, and sizable increases of about \$20 million each were seen in the cases of raw sugar, farm equipment, tractors and crude petroleum. Imports of fruit and vegetables and meat rose more moderately. Automobile imports were alone \$75 million lower, and reductions were less pronounced for cotton and its products, non-farm machinery and electrical apparatus.

Following a fractional rise in average export prices (with the change having taken place in the first half of the year) and an increase of about 3 per cent in import prices, Canada's terms of trade became less favourable in the 9 months of 1963.

Deficit on services and non-merchandise items

The deficit on non-merchandise transactions rose to \$127 million from \$103 million in the September quarter of 1962, but was smaller than in the same period in the four preceding years. This widening in the imbalance on service transactions was attributable mainly to interest and dividends,

Interest and Dividends: Payments				
Period		Total	Interest	Dividends
millions of dollars				
1961		770	259	511
1962		781	285	496
1961	III Q	170	58	112
	IV Q	222	72	150
1962	I Q	179	67	112
	II Q	205	76	129
	III Q	163	62	101
	IV Q	234	80	154
1963	I Q	194	70	124
	II Q	191	89	102
	III Q	177	70	107

freight and shipping and other miscellaneous transactions. In the last group were net payments on government account, including official contributions, and business services. While receipts of interest and dividends remained just about unchanged, payments rose \$15 million to \$177 million. Substantial purchases by non-resident investors in early 1963 of bonds of provincial governments and of the Government of Canada constituted a prominent factor in the rise of nearly \$10 million in interest payments to \$70 million. Returns on portfolio investments and net profits of unincorporated branches in Canada of non-resident firms contributed about equally to an increase in dividend payments from \$101 million to \$107 million. At a time when earnings appear to have been rising, transfers by subsidiaries, which are quite variable, were at the lowest level for several years. In step with the growing volume of trade, both receipts and payments on freight and shipping services rose. But as the expansion in payments was about twice as large as the receipts, the deficit widened from \$25 million to \$33 million. Inland freight in the United States, particularly on importation of coal, was an important element in the rise in freight disbursements.

At \$13 million, official contributions were \$8 million higher than in the third quarter of 1962, and other government expenditures were higher, including contributions to infrastructure and military costs of the NATO. A percentage increase of almost 9 per cent in travel receipts was much larger than in payments. Moreover with receipts being about 50 per cent heavier than payments in the September quarter of 1962, the net effect was to widen the surplus from \$94 million to \$113 million. This was the highest surplus for the quarter in the post-war period, except in 1948, when Canadian travel abroad was restricted.

Travel Account				
First nine months				
	1960	1961	1962	1963
millions of dollars				
<u>United States:</u>				
Receipts ...	311	358	425	459
Payments ...	373	372	353	323
Balance ...	- 62	- 14	+ 72	+ 136
<u>Overseas:</u>				
Receipts ...	37	39	41	43
Payments ...	127	145	155	159
Balance ...	- 90	- 106	- 114	- 116
<u>All countries:</u>				
Balance ...	- 152	- 120	- 42	+ 20

Major Components of the Balance on Non-Merchandise Transactions with All Countries

First nine months			
	1962	1963	Change
millions of dollars			
Gold production available			
for export	+ 124	+ 124	-
Travel expenditures	- 42	+ 20	+ 62
Interest and dividends ...	- 418	- 422	- 4
Freight and shipping	- 71	- 69	+ 2
Inheritances and migrants' funds	- 25	- 21	+ 4
All other current transactions	- 314	- 335	- 21
Balance on non-merchandise transactions	- 746	- 703	+ 43

Transactions by areas

The improvement in the balance with all countries in the third quarter originated mainly from transactions with the United Kingdom, and to a lesser degree with other overseas countries. With the United States the current deficit was only slightly higher than in the same quarter of last year.

Total receipts and payments with the United States both rose more than 6 per cent. The import balance with this country was reduced \$10 million to \$60 million, following a larger gain in exports from \$961 million to \$1,030 million, than in imports from \$1,031 million to \$1,090 million. The expansion in non-merchandise payments from \$514 million to \$557 million was nearly half again as large as the rise in receipts from \$518 million to \$548 million. Over three-quarters of the advance in exports involved shipments of crude and fabricated materials, including iron ore, natural gas and forest products, but uranium was again lower as was also nickel. Except for an increase in the travel account surplus, the deficits on other items rose, due to larger payments in the third quarter of 1963.

In a comparison of the first nine months of 1962 and 1963, the deficit on "invisibles" narrowed nearly 6 per cent from \$746 million to \$703 million. Receipts on these transactions rose almost 7 per cent from \$1,496 million to \$1,599 million, while the increase in payments from \$2,242 million to \$2,302 million was not as large. An improvement of \$62 million from a deficit of \$42 million to a surplus of \$20 million on travel account alone more than accounted for the reduction in net payments of all non-merchandise transactions. As the deficit with overseas countries was almost unchanged, the \$62 million improvement in the travel account occurred entirely in transactions with the United States. This favourable trend covering the first three quarters of the year has prevailed for some 5 years. Receipts from American visitors were up \$34 million to \$459 million, while expenditures by Canadians in the United States fell \$30 million to \$323 million.

Apart from travel, changes in the balances of other items for the 9-month periods were generally small, except for an increase in official contributions amounting to \$14 million. Receipts and payments on these items were both larger in the current period, except those for miscellaneous income. Net payments of \$422 million on interest and dividends accounted for roughly 60 per cent of the deficit on "invisibles" in the nine months of 1963, as compared with 56 per cent represented by \$418 million in the preceding year. Miscellaneous current transactions accounted for 39 per cent in 1962 and 42 per cent in 1963. There were compensating shifts in the relative shares of the deficit for the other items.

Quarterly Current Account Balances

	I Q	II Q	III Q	IV Q
millions of dollars				
<u>United States:</u>				
1960	- 343	- 449	- 165	- 404
1961	- 433	- 435	- 151	- 367
1962	- 343	- 425	- 66	- 282
1963	- 350	- 334	- 69	
<u>United Kingdom:</u>				
1960	+ 28	+ 12	+ 48	+ 78
1961	+ 39	+ 27	+ 42	+ 79
1962	+ 6	+ 48	+ 49	+ 110
1963	+ 74	+ 113	+ 89	
<u>Other countries:</u>				
1960	- 11	- 40	- 10	+ 13
1961	+ 57	+ 97	+ 47	+ 16
1962	+ 4	+ 15	- 17	+ 53
1963	+ 32	+ 34	- 12	

The surplus on current account with the United Kingdom rose about 80 per cent from \$49 million to \$89 million as an increment of over 10 per cent took place in total receipts from \$299 million to \$330 million, while total payments declined slightly from \$250 million to \$241 million. More than four-fifths of the gain in the surplus occurred in merchandise trade, with exports advancing 10 per cent to \$270 million and imports contracting 7 per cent to \$137 million. Commodities which were prominent in the export gain included wheat and industrial materials, like uranium and some other metals and lumber.

In transactions with other overseas countries, a small deficit in the third quarter of 1962 was trimmed moderately as a result of a larger increase of \$21 million in the merchandise surplus than of \$16 million in the non-merchandise deficit. Merchandise exports expanded 19 per cent to \$501

million and imports 15 per cent to \$439 million. The deficit on non-merchandise transactions widened with each of the component areas, while the balance on merchandise trade worsened with the Rest of the Sterling Area, but improved with the other OECD group and also with the remaining countries.

In a comparison of the 9-month periods in 1962 and 1963, 75 per cent of the betterment in Canada's current account balance with the rest of the world occurred in transactions with overseas countries (with nearly 60 per cent being attributable to the United Kingdom) and 25 per cent with the United States. With these two countries, improvements were recorded in both trade and non-merchandise transactions but the amelioration in the trade balance was over 1 1/2 times as large as in the "invisibles" in the case of the United States and more than four times as large for the United Kingdom. With respect to other overseas countries, a substantial advance in merchandise surplus was moderated by a smaller rise in the non-merchandise deficit.

The deficit with United States narrowed 9 per cent to \$753 million in the first three quarters of 1963, following a gain of nearly 6 per cent in receipts to \$4,106 million and a rise of 3 per cent in payments on goods and services to \$4,859 million. Contributing to the 6 per cent increase in exports to the United States from \$2,764 million to \$2,928 million were petroleum, natural gas, iron ore, lumber, various metals and other processed materials, and manufactured goods such as agricultural implements and automobile parts. Also included in exports are receipts of progress payments under the defence production sharing programme for manufacture in Canada of military aircraft destined for overseas NATO countries under United States military assistance. On the basis of incomplete detailed trade returns for the period, tractors and some other machinery and automobile parts appeared prominently among commodities which produced a rise of nearly 4 per cent in imports from \$3,161 million to \$3,278 million. Imports of petroleum products, and some other industrial materials, including chemicals, and many types of consumer goods were also larger in the nine months of 1963. With the exclusion of military aircraft obtained under special arrangement from the United States in 1962 for use under NORAD plans, which do not directly affect Canada's balance of payments, the sharp decline in the value of aircraft imports is reduced considerably.

On travel account an increase of 8 per cent in receipts combined with a decline of more than 8 per cent in payments to yield a rise of \$64 million to \$136 million in the surplus on this account. This gain was much greater than the reduction in the deficit on all non-merchandise transactions with the United States. Net payments on other items increased, with the exception of interest and dividends and the value of gold production available for export, the latter having remained unchanged.

Total receipts on goods and services from the United Kingdom rose 12 per cent from \$827 million to \$926 million, while total payments declined 10 per cent to \$650 million. The current account surplus accordingly expanded more than 2 1/2 times from \$103 million to \$276 million. An increment of 11 per cent in exports to \$751 million combined with a 15 per cent fall in imports caused the surplus on merchandise trade to expand about 60 per cent from \$231 million to \$372 million.

Summary of Current Transactions with the United States, United Kingdom and Other Countries
1962 and 1963, and Changes Between the Periods

	1962	1963	Change	1962	1963	Change
	millions of dollars					
	All countries			United States		
<u>Third quarter</u>						
Merchandise exports (adjusted)	1,628	1,801	+ 173	961	1,030	+ 69
Merchandise imports (adjusted)	1,559	1,666	+ 107	1,031	1,090	+ 59
Balance on merchandise trade	+ 69	+ 135	+ 66	- 70	- 60	+ 10
Other current receipts	660	702	+ 42	518	548	+ 30
Other current payments	763	829	+ 66	514	557	+ 43
Balance on non-merchandise transactions	- 103	- 127	- 24	+ 4	- 9	- 13
Total receipts	2,288	2,503	+ 215	1,479	1,578	+ 99
Total payments	2,322	2,495	+ 173	1,545	1,647	+ 102
Current account balance	- 34	+ 8	+ 42	- 66	- 69	- 3
<u>January to September</u>						
Merchandise exports (adjusted)	4,643	5,059	+ 416	2,764	2,928	+ 164
Merchandise imports (adjusted)	4,626	4,779	+ 153	3,161	3,278	+ 117
Balance on merchandise trade	+ 17	+ 280	+ 263	- 397	- 350	+ 47
Other current receipts	1,496	1,599	+ 103	1,114	1,178	+ 64
Other current payments	2,242	2,302	+ 60	1,551	1,581	+ 30
Balance on non-merchandise transactions	- 746	- 703	+ 43	- 437	- 403	+ 34
Total receipts	6,139	6,658	+ 519	3,878	4,106	+ 228
Total payments	6,868	7,081	+ 213	4,712	4,859	+ 147
Current account balance	- 729	- 423	+ 306	- 834	- 753	+ 81
	United Kingdom			Other Countries		
<u>Third quarter</u>						
Merchandise exports (adjusted)	245	270	+ 25	422	501	+ 79
Merchandise imports (adjusted)	147	137	- 10	381	439	+ 58
Balance on merchandise trade	+ 98	+ 133	+ 35	+ 41	+ 62	+ 21
Other current receipts	54	60	+ 6	88	94	+ 6
Other current payments	103	104	+ 1	146	168	+ 22
Balance on non-merchandise transactions	- 49	- 44	+ 5	- 58	- 74	- 16
Total receipts	299	330	+ 31	510	595	+ 85
Total payments	250	241	- 9	527	607	+ 80
Current account balance	+ 49	+ 89	+ 40	- 17	- 12	+ 5
<u>January to September</u>						
Merchandise exports (adjusted)	675	751	+ 76	1,204	1,380	+ 176
Merchandise imports (adjusted)	444	379	- 65	1,021	1,122	+ 101
Balance on merchandise trade	+ 231	+ 372	+ 141	+ 183	+ 258	+ 75
Other current receipts	152	175	+ 23	230	246	+ 16
Other current payments	280	271	- 9	411	450	+ 39
Balance on non-merchandise transactions	- 128	- 96	+ 32	- 181	- 204	- 23
Total receipts	827	926	+ 99	1,434	1,626	+ 192
Total payments	724	650	- 74	1,432	1,572	+ 140
Current account balance	+ 103	+ 276	+ 173	+ 2	+ 54	+ 52

Export shipments of wheat and uranium were notably higher and of nickel moderately so. Among imports, purchases of automobiles and aircraft were lower. The 25 per cent contraction in the deficit on non-merchandise transactions with the United Kingdom was mainly attributable to freight and shipping, migrants' funds and inheritances and government expenditures. In each case there were larger receipts and smaller payments in the nine months of 1963.

The surplus on current transactions with other countries rose from \$2 million to \$54 million. This originated in the larger surplus on merchandise trade as a result of a higher gain in exports than in imports, and was offset in part by a more moderate expansion in the deficit on service transactions. Within this group, the Rest of the Sterling Area and the other OECD countries together accounted for one-half of the improvement, while the remaining countries contributed the other half. In each case, as for the group as a whole, merchandise trade, with larger increases in exports than in imports, was responsible for most of the betterment in the current balances. A return to large scale shipments of wheat to Eastern Europe contributed markedly to the increase as did larger exports of industrial materials to Japan.

Capital Movements

The inflow of capital into Canada in long-term forms continued to abate during the third quarter, mainly because of a sharp contraction in the inflow from security transactions. At an estimated \$28 million it was smaller than for any but three earlier quarters since the institution of quarterly estimates from the beginning of 1950; two of these exceptional quarters occurred in 1962. While the change from \$441 million in the final quarter of 1962 is very large, it may be noted that the capital inflow in long-term forms in that quarter was probably exceeded only twice earlier.

Reduced capital inflows in long-term forms coincided with a current account balance strengthened both by seasonal and other factors, and there were receipts by Canada from these two groups of transactions taken together.

Capital movements in short-term forms other than official monetary transactions were outwards, with a sharp increase of more than one hundred million dollars in private and banking holdings of exchange as the largest factor. Canada's official holdings of gold and foreign exchange, and Canada's net International Monetary Fund position, were together reduced by \$59 million in the quarter.

The emerging economic pattern is a constant but ever changing factor in the shape and character of capital movements. From time to time special institutional changes, or expectations of them, or special events occur which may also cause variations in the flows. Among the special background factors to capital movements in the third quarter were the Canadian budgetary measures introduced late in the second quarter designed to influence the balance of payments, the special message on the balance of payments presented in mid-July by the President of the United States, and the announcement in mid-September of major contracts for the sale of Canadian wheat.

Summary	1962				1963		
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q
	millions of dollars						
Capital movements in long term forms	+ 24	- 23	+ 246	+ 441	+ 376	+ 203	+ 28
Capital movements in short term forms(1)	- 65	- 249	+ 474	+ 156	- 66	+ 95	- 95
Balance on goods and services	- 333	- 362	- 34	- 119	- 244	- 187	+ 8
Change in official holdings of gold, foreign exchange, and net International Monetary Fund position, less special international financial assistance	- 374	- 634	+ 686	+ 478	+ 66	+ 111	- 59

(1) Excluding items in final line.

DIRECT INVESTMENT The net flow of foreign capital for direct investment in foreign-controlled enterprises in Canada continued to be inwards, although at a rate well below the levels prevailing for more than a decade past. The net movement in the third quarter, tentatively estimated at \$45 million, appears to have been slightly higher than in the second quarter when it was held down by takeover and similar transactions.

The petroleum and natural gas industry attracted the largest share of net direct investment flows with mining also an important contributor.

It may be timely to note again that the net movement of direct investment capital reflects very much larger flows in both directions. There have been sizable outward movements in recent years by companies whose operations are well established and successful. Such movements frequently do not reflect any reduction in the value of foreign investment in Canada but may merely represent the transfer of cash resources generated from current operations. To the extent that this is the case such transfers may take the place of dividends which would have appeared as a payment on current account.

The net outflow of Canadian capital for direct investment abroad is estimated to have been \$15 million in the third quarter, compared with a revised figure of \$25 million for the second quarter.

SECURITY TRANSACTIONS The net capital movement into Canada from transactions in bonds and stocks during the third quarter of 1963 amounted to \$27 million. This was the lowest capital inflow from these transactions over the past six quarters, although had it not been for some special refinancing transactions carried out in the second quarter of 1962 there would have been an outflow of \$78 million from these transactions in the special conditions then prevailing.

Receipts during the quarter from transactions in Canadian securities included \$98 million proceeds of new issues but there were retirements of \$33 million of foreign-held Canadian securities and net repurchases from non-residents of \$7 million of outstanding Canadian bonds and debentures and \$27 million of outstanding Canadian stocks.

New Issues of Canadian Bonds Sold to
United States Residents

Period		Contracts	Deliveries
		millions of dollars	
1961	Year	355	437
1962	Year	954	671
1962	III Q	363	75
	IV Q	370	370
1963	I Q	529	399
	II Q	134	367
	III Q	11	94

Transactions in Foreign Securities 1963
(Net sales +)

	I Q	II Q	III Q
	millions of dollars		
Outstanding issues	+ 5	+ 10	- 4
New issues	- 6	- 3	- 5
Retirements	+ 5	+ 5	+ 5
Total	+ 4	+ 12	- 4

The substantial decline in the net capital inflow compared with recent quarters can be ascribed mainly to a sharp reduction in the proceeds of new issues sold to non-residents which were at their lowest level since the third quarter of last year. The transactions in the third quarter of 1963 included receipts of \$83 million from deliveries of bonds whose sale had been arranged earlier. The total receipts from new issues amounting to \$98 million compared with foreign capital inflows from this source of \$391 million, \$410 million and \$386 million in the immediately preceding quarters. Retirements of foreign-held Canadian securities, which were abnormally large in the second quarter, were in the third quarter at their lowest level in the last two years. Trading in outstanding Canadian securities involved outflows of \$20 million of capital to the United States and of \$14 million to the United Kingdom and other overseas countries.

All transactions in foreign securities led to a capital outflow of \$4 million in the third quarter following an inflow of \$12 million in the second. The principal factor in the change was a shift in the direction of trade in outstanding United States issues. In the second quarter Canadians sold on balance \$7 million of outstanding United States stocks and \$6 million of bonds. In the third quarter their net sales of outstanding United States bonds were reduced to \$1 million and there were net purchasers of \$6 million of United States stocks.

OTHER CAPITAL MOVEMENTS

Among other capital movements in the third quarter were direct intergovernmental loans by the Government of Canada amounting to about \$8 million. No repayments fell due in the period. Canadian dollar holdings of foreigners rose by \$6 million, a decline of \$13 million in deposit and similar liabilities having been more than offset by an increase of \$19 million in foreign-owned holdings of Canadian treasury bills.

Capital movements in long-term forms not identified elsewhere in the statements gave rise to a capital outflow of \$21 million in the third quarter. A wide and diverse mix of movements are covered including transfers by insurance companies, transactions under the uranium stretch-out agreements, medium and long-term bank loans, wheat and other export financing arrangements, etc.

Private and banking holdings of foreign exchange by Canadian residents rose during the quarter by \$107 million. This capital outflow followed similar movements of \$59 million and \$58 million in the first and second quarters respectively.

Transactions in Canadian money market paper, apart from Canadian treasury bills to which reference has already been made, were in near balance with net repayments of \$11 million on account of Canadian commercial paper about offset by net sales of the same amount of Canadian finance paper. Borrowings by Canadian finance companies not shown elsewhere brought in \$11 million.

All other capital movements, mainly taking short-term forms, were in near balance. There were both large repayments to Canada on credits extended earlier, and large bank borrowings by Canadians in foreign currencies, but these capital inflows appear to have been largely offset by other outflows.

Composition of "Other Capital Movements" (A minus sign indicates an outflow of capital from Canada)

Transactions with all countries	1962				1963		
	I Q	II Q	III Q	IV Q	I Q	II Q	III Q
	millions of dollars						
Subscriptions to international investment agencies(1)	-	-	7	8	-	-	-
Long-term capital transactions n.i.e.	6	127	26	15	-	1	33
Bank balances and other short-term funds abroad (excluding official reserves)	49	245	257	17	-	59	58
Canadian commercial paper .....					(	39	15
Canadian finance paper	28	15	35	52	(	8	3
Canadian finance company obligations n.i.e. ....					(	13	24
All other transactions including changes in loans and accounts receivable and payable(2)	-	111	-	54	235	54	57
Total (Item D 17)	-	28	-	411	546	100	-

- (1) International Bank for Reconstruction and Development, International Development Association, and International Finance Corporation.
(2) Includes also balancing item representing difference between direct measurements of current and capital accounts.

United States Dollar in Canada

Period		High	Low	Close	Noon average
Canadian cents					
1962	III Q	108.19	107.66	107.66	107.78
	IV Q	107.81	107.53	107.72	107.63
1963	I Q	107.94	107.59	107.81	107.76
	II Q	107.97	107.59	107.81	107.74
	III Q	108.57	107.63	107.78	108.08

The change in Canada's official holdings of gold and foreign exchange during the third quarter, expressed in Canadian dollars, was a decline of \$145 million. About \$12 million of this amount represented sterling holdings which included at the end of the previous quarter amounts required to cover a Government of Canada obligation maturing on the first of July. The value of the decline in official holdings of gold and United States dollars was \$133 million. These holdings, expressed in terms of United States dollars, fell by \$191 million in July and \$31 million in August but rose in September by \$98 million. The July change

reflected a partial repayment, amounting to nearly \$80 million, by Canada to the International Monetary Fund (mentioned below). When announcing the July figures the Minister of Finance said that the greater part of the decline in reserves during the month had occurred on July 18 and 19 just before the announcement that Canada was to be exempted as far as new issues were concerned from the "Interest Equalization Tax" which the President of the United States had proposed to Congress.

Official Holdings of Gold and United States Dollars, and Related Items

End of period		Official holdings of gold and United States dollars	Net International Monetary Fund position	Other special international financial assistance(1)	Total of foregoing items
millions of United States dollars					
1962	I Q	1,709	202	-	1,911
	II Q	1,809	- 138	- 350	1,321
	III Q	2,445	- 138	- 350	1,957
	IV Q	2,539	- 138	-	2,401
1963	I Q	2,600	- 138	-	2,462
	II Q	2,692	- 138	-	2,554
	III Q	2,568	- 58	-	2,510
	July	2,501	- 58	-	2,443
	August	2,470	- 58	-	2,412
	September	2,568	- 58	-	2,510

(1) A minus sign (-) indicates assistance to Canada.

At the end of July Canada repurchased from the International Monetary Fund Canadian dollars equivalent to \$79.7 million in United States funds. This reduced the net resources provided to Canada by that institution, expressed in United States dollar terms, from \$138 million to \$58 million. It will be recalled that Canada drew the equivalent of \$300 million from the Fund in June 1962. This drawing was made in pounds sterling (\$100 million), deutsche mark (\$80 million), French francs (\$80 million), Belgian francs (\$20 million) and Netherlands guilders (\$20 million). The repayment in July was made partly in gold (\$21.9 million), partly in United States dollars (\$57.5 million) and the rest in other convertible currencies.

International Monetary Fund: Canada's Position

		Net drawings of foreign currencies by Canada	Net drawings (-) of Canadian dollars by other countries	Sales of Canadian dollars to IMF for gold	IMF holdings of Canadian dollars(1)	Canada's gross IMF position(2)	Canada's net IMF position(3)
millions of United States dollars							
1947		-	-	-	225	375	75
1956		-	- 15	-	210	390	90
1959		-	-	-	397	703	153
1961	I Q	-	-	-	398	702	152
	II Q	-	- 10	-	388	712	162
	III Q	-	- 75	25	338	762	212
1962	I Q	-	10	-	348	752	202
	II Q	300	40	-	688	412	- 138
1963	III Q	- 80	-	-	608	492	- 58

(1) Apart from the transactions shown, these holdings reflect mainly Canada's quota payments made in Canadian dollars. Since members are obligated to maintain the gold value of the IMF's holdings of their currencies, there have also been adjustment payments in Canadian dollars between the IMF and Canada, arising from changes in the exchange rate, which are not reflected because the series are shown in United States dollar equivalents. (2) This is a measure of Canada's drawing potential, i.e. the amount Canada could draw without raising the IMF's holdings of Canadian dollars beyond 200 per cent of quota. (3) This is a cumulative measure of the net resources provided by Canada to the IMF.

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 1960 and 1961, and permit the calculation of ratios of foreign ownership and control at these dates.

Changes in the industrial classifications employed in the construction of some of the series used in these classifications appear to have given rise to some discontinuities for which adjustments have been made wherever possible. (For a technical note on the statistics see the Canadian Balance of International Payments, 1960 and International Investment Position (DBS Catalogue No. 67-2011 pp 62-63). Some of the changes indicated in the series may reflect changes in the statistical source material.

Canadian owned and Canadian controlled investments in manufacturing enterprises both grew less rapidly in the two years 1960 and 1961 than foreign. As a result foreign ownership rose from 51 to 54 per cent of the total, and foreign control from 57 to 59 per cent. In the petroleum and natural gas industry, on the other hand, the growth of Canadian owned and controlled enterprises appear to have outpaced the foreign, probably due to the growth of natural gas distribution. Foreign ownership fell from 62 to 60 per cent and foreign control from 73 to 69 per cent. In mining and smelting foreign ownership rose from 58 to 62 per cent while foreign control fell from 61 to 59 per cent. While foreign control of railways and other utilities maintained its place, foreign ownership fell.

Taking into account all the foregoing industries and also merchandising and construction, foreign ownership was maintained at 34 per cent, unchanged since 1957. The proportion owned by United States residents edged up from 26 to 27 per cent in 1960. The foreign controlled share of these industries which had been 32 per cent since 1957 also edged up by one percentage point in 1960, with the United States proportion unchanged since 1958 at 26 per cent.

Foreign Ownership and Control of Canadian Industry

Industry classification	TABLE XII				TABLE XIV			
	Non-resident <u>ownership</u>				Non-resident <u>control</u>			
	as a percentage of selected Canadian industries				as a percentage of selected Canadian industries			
	1958	1959	1960	1961	1958	1959	1960	1961
Percentage of total owned or controlled by all non-residents:								
Manufacturing	51	51	52	54	57	57	59	59
Petroleum and natural gas	62	62	62	60	73	73	73	69
Mining and smelting	56	58	60	62	60	61	61	59
Railways	29	27	26	25	2	2	2	2
Other utilities	14	14	14	13	5	5	5	5
Total of above industries and merchandising	34	34	34	34	32	32	33	33
Percentage of total owned or controlled by United States residents:								
Manufacturing	40	41	41	43	44	44	44	45
Petroleum and natural gas	56	55	53	51	67	67	64	60
Mining and smelting	47	49	52	54	51	53	53	52
Railways	10	9	9	9	2	2	2	2
Other utilities	12	12	12	11	4	4	4	4
Total of above industries and merchandising	26	26	27	27	26	26	26	26

TABLE XVI. Estimated Book Value, Ownership and Control of Capital Employed in Selected Canadian Industries, 1961

(billions of dollars)

Industry classification	Total capital employed				Resident owned capital			
	1958	1959	1960	1961	1958	1959	1960	1961
Manufacturing	11.0	11.7	12.2	12.7	5.4	5.7	5.8	5.9
Petroleum and natural gas	5.1	5.6	6.1	6.7	2.0	2.2	2.3	2.7
Other mining and smelting	2.9	3.1	3.3	3.4	1.3	1.3	1.3	1.3
Railways	4.9	5.2	5.3	5.4	3.5	3.8	3.9	4.0
Other utilities	8.0	8.5	9.2	10.3	6.9	7.3	7.9	9.0
Merchandising and construction	8.5	9.5	9.4	9.8	7.7	8.6	8.5	8.9
Total of above	40.5	43.6	45.6	48.2	26.7	28.8	29.9	31.7
	Non-resident owned capital				United States owned investments			
	1958	1959	1960	1961	1958	1959	1960	1961
Manufacturing	5.6	6.0	6.4	6.8	4.4	4.8	5.1	5.4
Petroleum and natural gas	3.2	3.5	3.7	4.0	2.9	3.1	3.2	3.4
Other mining and smelting	1.7	1.8	2.0	2.1	1.4	1.5	1.7	1.8
Railways	1.4	1.4	1.4	1.4	0.5	0.5	0.5	0.5
Other utilities	1.1	1.2	1.3	1.3	0.9	1.0	1.1	1.1
Merchandising and construction	0.8	0.9	0.9	0.9	0.5	0.6	0.6	0.6
Total of above	13.8	14.8	15.7	16.5	10.7	11.5	12.1	12.9
	Total Canadian and external investment in companies controlled outside Canada				Total Canadian and external investment in companies controlled in the United States			
	1958	1959	1960	1961	1958	1959	1960	1961
Manufacturing	6.3	6.7	7.2	7.5	4.8	5.1	5.4	5.7
Petroleum and natural gas	3.8	4.1	4.4	4.7	3.5	3.7	3.9	4.0
Other mining and smelting	1.8	1.9	2.0	2.0	1.5	1.6	1.7	1.8
Railways	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other utilities	0.4	0.5	0.5	0.5	0.3	0.4	0.4	0.4
Merchandising and construction	0.7	0.8	1.0	1.1	0.5	0.6	0.6	0.6
Total of above	13.1	14.0	15.2	15.7	10.7	11.5	12.0	12.6

Canada's International Investment Position

On later pages of this report there will be found several tables of detail on Canada's international investment position which will be included in the next annual report. These pages supplement the data published in the last issue of these quarterly estimates.

TABLE VII. Canadian Long-Term Investments Abroad,¹ Selected Year Ends, 1926-61

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 ^x	511	208	719 ^x	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	765	163	11	1,265	669 ^x	161	830	2,095	1,866	3,961
1953	402	851	215	9	1,477	690	179	869	2,346	1,778	4,124
1954	427	935	245	12	1,619	723	203	926	2,545	1,705	4,250
1955	438	993	291	20	1,742	767	224	991	2,733	1,635	4,368
1956	418	1,106	340	27	1,891	785	221	1,006	2,897	1,565	4,462
1957	425	1,198	410	40	2,073	811	257	1,068	3,141	1,515	4,656
1958	429	1,250	427	43	2,149	868	250	1,118	3,267	1,484	4,751
1959	457	1,343	417	78	2,295	934	249	1,183	3,478	1,451	4,929
1960	456	1,482	459	84	2,481	1,050	265	1,315	3,796	1,418	5,214
1961	498	1,565	444	112	2,619	1,189	276	1,465	4,084	1,379	5,463
In the United States:											
1939	211	176	21	4	412	380	121	501	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	67	376	1,288	—	1,288
1952	293	566	95	8	962	450 ^x	86	536	1,498	—	1,498
1953	365	624	123	7	1,119	469	95	564	1,683	—	1,683
1954	390	686	145	10	1,231	490	89	579	1,810	—	1,810
1955	393	710	175	15	1,293	539	89	628	1,921	—	1,921
1956	378	804	190	22	1,394	569	84	653	2,047	—	2,047
1957	380	833	206	32	1,451	593	118	711	2,162	—	2,162
1958	379	833	197	31	1,440	659	111	770	2,210	—	2,210
1959	382	862	191	63	1,498	734	111	845	2,343	—	2,343
1960	374	971	223	64	1,632	827	120	947	2,579	—	2,579
1961	413	1,016	240	78	1,747	938	119	1,057	2,804	—	2,804
In the United Kingdom:											
1939	—	53	—	6	59	22	21	43	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 ²	1,342
1957	3	168	—	1	172	33	15	48	220	1,127 ²	1,347
1958	3	196	—	1	200	27	14	41	241	1,080 ²	1,321
1959	10	224	—	1	235	25	12	37	272	1,064 ²	1,336
1960	14	240	—	3	257	28	16	42	299	1,047 ²	1,346
1961	12	271	—	5	288	45	16	61	349	1,030 ²	1,379
In other Commonwealth countries: ³											
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	6	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	187	—	187
1956	8	85	98	—	191	7	21	28	219	—	219
1957	8	93	131	3	235	7	21	28	263	—	263
1958	7	102	150	7	266	8	21	29	295	34	329
1959	8	120	153	10	291	8	19	27	318	35	353
1960	10	121	156	12	299	10	18	28	327	35	362
1961	15	97	145	23	280	11	30	41	321	30	351
In other foreign countries:											
1939	31	30	85	—	146	102	51	153	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	868
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	4	159	192	97	289	448	433	881
1956	29	82	52	4	167	179	100	279	446	408	854
1957	34	104	73	4	215	178	103	281	496	388	884
1958	40	119	80	4	243	174	104	278	521	370	891
1959	57	137	73	4	271	167	107	274	545	352	897
1960	58	150	80	5	293	187	111	298	591	336	927
1961	58	181	59	6	304	195	111	306	610	319	929

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 international financial agencies 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 Excludes deferred interest amounting to \$22 million at the end of 1956, and to \$44 million at the end of subsequent years.

³ Includes investments in Newfoundland prior to 1949.

TABLE IX. Foreign Capital Invested in Canada, Selected Year Ends, 1945-61
Classification by type of investment

Long term investments in Canada by type of investment	A. Owned by all non-residents							B. Owned in United States						
	1945	1956	1957	1958	1959	1960	1961	1945	1956	1957	1958	1959	1960	1961
millions of dollars														
Government securities:														
Dominion	726	502	501	564	612	611	657	682	340	342	396	383	382	416
Provincial	624	1,081	1,165	1,276	1,585	1,632	1,743	574	1,021	1,099	1,207	1,509	1,544	1,641
Municipal	312	552	660	781	915	1,026	1,038	194	511	620	741	872	977	992
Sub-totals	1,662	2,135	2,326	2,621	3,112	3,269	3,438	1,450	1,872	2,061	2,344	2,764	2,903	3,049
Manufacturing:														
Vegetable products	268	524	577	608	664	720	749	199	401	440	469	509	551	586
Animal products	61	103	108	114	128	132	145	47	91	96	102	115	118	132
Textiles	83	128	128	135	140	141	148	41	70	71	73	79	84	93
Wood and paper products	455	1,081	1,166	1,200	1,211	1,315	1,408	383	911	986	1,021	1,026	1,116	1,204
Iron and products	319	1,083	1,198	1,312	1,451	1,580	1,648	297	891	971	1,038	1,172	1,286	1,339
Non-ferrous metals	274	895	1,031	1,103	1,153	1,155	1,185	209	700	813	879	928	928	969
Non-metallic minerals	57	170	179	207	227	276	286	48	109	111	129	142	151	158
Chemicals and allied products	189	527	582	617	660	698	768	124	371	418	444	473	492	553
Miscellaneous manufactures ..	37	68	82	85	92	98	108	34	82	76	79	86	92	101
Sub-totals (excluding petro- leum refining)	1,723	4,579	5,051	5,381	5,726	6,115	6,445	1,382	3,606	3,982	4,234	4,530	4,818	5,135
Petroleum and natural gas	160	2,275	2,849	3,187	3,455	3,727	4,023	152	2,063	2,570	2,866	3,108	3,184 ^x	3,434
Other mining and smelting	356	1,330	1,570	1,657	1,783	1,977	2,089	277	1,129	1,307	1,386	1,513	1,701	1,818
Public utilities:														
Railways	1,599	1,426	1,396	1,413	1,405	1,406	1,366	720	536	489	489	472	479	506
Other (excluding pipelines and public enterprises)	493	628	661	712	739	743	649	374	460	471	523	544	551	506
Sub-totals	2,092	2,054	2,057	2,125	2,144	2,149	2,015	1,094	996	960	1,012	1,016	1,030	1,012
Merchandising	220	683	715	784	878	872	917	158	496	508	549	612	608	629
Financial	525	1,488	1,782	1,938	2,190	2,380	2,614	285	983	1,202	1,314	1,471	1,587	1,773
Other enterprises	70	207	235	254	284	297	348	62	170	185	200	225	234	282
Miscellaneous investments	284	818	879	1,063 ^x	1,285	1,428	1,681	130	474	489	536	587	653	834
Total investments	7,092	15,569	17,464	19,010	20,857	22,214	23,570	4,990	11,789	13,264	14,441	15,826	16,718	17,966
C. Owned in United Kingdom														
D. Owned in all other countries														
	1945	1956	1957	1958	1959	1960	1961	1945	1956	1957	1958	1959	1960	1961
millions of dollars														
Government securities:														
Dominion	—	72	64	65	60	48	50	44	90	95	103	169	181	191
Provincial	45	45	47	47	48	47	67	5	15	19	22	28	41	35
Municipal	112	35	34	33	33	32	30	6	6	6	7	10	17	16
Sub-totals	157	152	145	145	141	127	147	55	111	120	132	207	239	242
Manufacturing:														
Vegetable products	66	109	125	124	131	137	136	3	14	12	15	24	32	27
Animal products	6	6	6	6	7	8	7	8	8	6	6	6	6	6
Textiles	38	56	55	60	59	55	53	4	2	2	2	2	2	2
Wood and paper products	64	153	160	155	159	167	174	8	17	20	24	26	32	30
Iron and products	12	153	168	202	194	201	209	10	39	59	72	85	93	100
Non-ferrous metals	64	175	192	195	192	188	180	1	20	26	29	33	39	36
Non-metallic minerals	8	31	34	40	45	55	54	1	30	34	38	40	70	74
Chemicals and allied products ..	36	137	142	146	153	169	176	9	19	22	27	34	37	39
Miscellaneous manufactures ..	2	4	5	5	5	5	6	1	2	1	1	1	1	1
Sub-totals (excluding petro- leum refining)	296	824	887	933	945	985	995	45	149	182	214	251	312	315
Petroleum and natural gas	7	72	108	134	162	270 ^x	299	1	140	171	187	185	273 ^x	290
Other mining and smelting	60	118	162	171	160	152	147	19	83	101	100	110	124	124
Public utilities:														
Railways	806	765	784	794	783	755	699	73	125	123	130	150	172	161
Other (excluding pipelines and public enterprises)	90	97	112	115	125	125	75	29	71	78	74	70	67	68
Sub-totals	896	862	896	909	908	880	774	102	196	201	204	220	239	229
Merchandising	57	159	174	197	225	214	238	5	28	33	38	41	50	50
Financial	186	284	332	360	413	489	512	54	221	248	264	306	324	329
Other enterprises	6	29	36	41	45	51	50	2	8	14	13	14	12	16
Miscellaneous investments	85	168	177	198	200	211	223	69	176	213	329 ^x	498	564	624
Total investments	1,750	2,668	2,917	3,088	3,199	3,359	3,385	352	1,112	1,283	1,481	1,832	2,137	2,219

TABLE X. Foreign Direct Investment¹ in Canada, Selected Year Ends, 1945-61
Classification by type of business

Direct investment in Canada by type of business	A. Owned by all non-residents							B. Owned in United States						
	1945	1956	1957	1958	1959	1960	1961	1945	1956	1957	1958	1959	1960	1961
	millions of dollars													
Manufacturing:														
Vegetable products	200	441	492	521	578	637	648	140	339	375	403	442	488	504
Animal products	47	91	98	105	119	122	135	44	83	89	95	108	111	125
Textiles	56	105	108	115	117	118	122	28	58	62	63	68	72	78
Wood and paper products	348	847	924	945	951	1,033	1,064	318	726	798	819	822	886	939
Iron and products	277	978	1,089	1,205	1,345	1,441	1,504	272	816	896	961	1,095	1,198	1,248
Non-ferrous metals	211	728	867	926	977	983	1,020	203	663	789	845	892	890	931
Non-metallic minerals	43	143	157	174	198	240	249	39	91	101	110	127	134	140
Chemical and allied products	144	507	561	595	637	671	741	118	358	405	434	460	478	538
Miscellaneous manufactures	33	66	80	82	89	97	106	31	61	75	76	83	91	100
Sub-totals (excluding petroleum refining)	1,359	3,906	4,376	4,668	5,011	5,342	5,589	1,191	3,195	3,590	3,806	4,097	4,348	4,603
Petroleum and natural gas	141	2,144	2,559	2,816	3,082	3,313	3,534	141	1,978	2,380	2,598	2,836	2,885*	3,060
Other mining and smelting	237	908	1,044	1,116	1,223	1,439	1,549	215	857	971	1,030	1,146	1,348	1,451
Utilities (excluding pipelines)	375	292	286	287	282	285	289	358	223	215	216	217	224	228
Merchandising	202	605	621	664	761	757	804	147	426	423	458	505	501	520
Financial	339	616	1,026	1,073	1,289	1,464	1,660	198	551	719	750	904	1,028	1,171
Other enterprises	60	195	217	236	256	272	312	54	160	174	187	207	215	251
Totals	2,713	8,868	10,129	10,880	11,906	12,872	13,737	2,304	7,392	8,472	9,045	9,912	10,549	11,284
	C. Owned in United Kingdom							D. Owned in all other countries						
	1945	1956	1957	1958	1959	1960	1961	1945	1956	1957	1958	1959	1960	1961
	millions of dollars													
Manufacturing:														
Vegetable products	60	95	110	108	117	124	123	—	7	7	10	19	25	21
Animal products	3	4	5	5	6	6	6	—	4	4	5	5	5	4
Textiles	26	47	46	51	49	45	43	2	—	—	1	—	1	1
Wood and paper products	30	120	125	125	127	138	115	2	1	1	1	2	9	10
Iron and products	4	134	147	186	180	185	191	1	28	46	58	70	58	65
Non-ferrous metals	8	49	61	63	64	65	65	—	16	17	18	21	28	24
Non-metallic minerals	4	23	26	30	34	38	37	—	29	30	34	37	68	72
Chemicals and allied products	19	135	139	143	150	162	170	7	14	17	18	27	31	33
Miscellaneous manufactures	2	4	4	5	5	5	5	—	1	1	1	1	1	1
Sub-totals (excluding petroleum refining)	156	611	663	716	732	768	755	12	100	123	146	182	226	231
Petroleum and natural gas	—	56	64	90	116	208*	234	—	110	115	128	130	220*	240
Other mining and smelting	22	48	68	77	68	66	62	—	3	5	9	9	25*	36
Utilities (excluding pipelines)	16	39	37	41	40	40	38	1	30	34	30	25	21	23
Merchandising	51	151	167	191	219	208	231	4	26	31	35	37	48	53
Financial	98	115	131	142	166	198	246	43	152	176	181	217	238	243
Other enterprises	5	28	33	39	41	47	47	1	7	10	10	10	10	14
Totals	348	1,048	1,163	1,296	1,384	1,535	1,613	61	428	494	539	610	788	840

¹ Direct investment covers investment in branches, subsidiaries, and controlled companies; the figures are part of the totals in Tables VIII and IX.

CHANGES IN PRESENTATION

Several changes to improve the presentation of the statistics have been made in the main statement appearing in this report.

Within the capital account the figures for transactions in foreign securities previously shown in the separate components D 6 (Trade in Outstanding Issues), D 7 (New Issues), and D 8 (Retirements) have been consolidated into a single line, although the detail continues to be available in a subsidiary statement to be published quarterly.

A change has been made in the statistical presentation of transactions with international financial agencies with the effect of consolidating in one place changes in Canada's net International Monetary Fund position and showing elsewhere the transactions with other international investment agencies. The change in Canada's net International Monetary Fund position appears as a new item H 2 referred to below. Subscriptions to the other international financial agencies (the International Bank for Reconstruction and Development, International Finance Corporation, and International Development Association) appear in a new component of item D 17 (Other Capital Movements) shown in detail in a subsidiary statement published quarterly. Changes in their short-term Canadian dollar holdings have been incorporated into item D 14 (Change in Canadian dollar holdings of foreigners), which has been subdivided to show separately deposits, Government of Canada demand liabilities and Canadian Treasury Bills. This redistribution of the items covering the international financial agencies replaces items D 13 (Subscriptions in gold and United States dollars to international financial agencies), D 15 (Special international financial assistance - except insofar as it originated from foreign central banks and is reflected in a new item H 3) and the elements specified for international financial agencies in D 17 (Other Capital Movements).

The transactions specifically related to Canada's official exchange position appear as a new item H at the bottom of the statement. This treatment of official holdings of gold and foreign exchange was followed in Canadian presentations prior to the withdrawal of fixed exchange rates in 1950. Item H 1 represents the change in official holdings of gold, United States dollars, and sterling; it corresponds to item D 16 used previously but the sign is opposite since the changes are presented as the result of all other transactions in the statement rather than as an independent capital movement. Item H 2 covers changes in Canada's net International Monetary Fund position representing the net resources supplied to or received from that institution. Item H 3 covers other special international financial assistance.

In order that those who wish to do so may be in a position to adjust the annual data for earlier years consistently with the new presentation, the following summary shows the new distribution of the capital movements previously attributed to international financial agencies and other special international financial assistance in items D 13, 15 and 17.

	<u>D 14</u>	<u>D 17</u>	<u>H 2(1)</u>
1946	26	- 33	- 1
1947	33	- 33	- 74
1948	-	-	-
1949	1	- 6	-
1950	- 5	-	-
1951	- 4	-	-
1952	- 1	-	-
1953	- 18	-	-
1954	- 13	-	-
1955	- 9	-	-
1956	- 2	- 3(2)	- 15
1957	1	-	-
1958	- 1	-	-
1959	3	-	- 59

(1) Expressed as a capital movement.

(2) Reflecting revision of +1.

QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

Note: Data for 1962 are preliminary and data for 1961 are subject to revision

		1961		1962	
No.		III	IV	I	II
millions of dollars					
A	Current receipts:				
1	Merchandise exports (adjusted)	1,557	1,619	1,395	1,620
3	Gold production available for export	41	38	43	42
4	Travel expenditures	255	85	46	126
5	Interest and dividends	40	74	33	52
6	Freight and shipping	135	129	104	128
7	Inheritances and immigrants' funds	31	25	20	31
11	All other current receipts	99	98	107	104
12	Total current receipts	2,158	2,068	1,748	2,103
B	Current payments:				
1	Merchandise imports (adjusted)	1,419	1,559	1,402	1,665
4	Travel expenditures	220	125	130	178
5	Interest and dividends	170	222	179	205
6	Freight and shipping	151	159	125	153
7	Inheritances and emigrants' funds	49	47	34	40
9	Official contributions	15	20	7	12
11	All other current payments	196	208	204	212
12	Total current payments	2,220	2,340	2,081	2,465
	Balance on merchandise trade	+ 138	+ 60	- 7	- 45
	Balance on other transactions, excluding B9	- 185	- 312	- 319	- 305
	Official contributions	- 15	- 20	- 7	- 12
C	Current account balance	- 62	- 272	- 333	- 362
D	Capital account:				
	Direct investment:				
1	Direct investment in Canada	+ 117	+ 100	+ 110	+ 80
2	Direct investment abroad	- 12	- 18	- 30	- 30
	Canadian securities:				
3 a	Trade in outstanding bonds and debentures	- 11	+ 9	- 3	+ 4
3 b	Trade in outstanding common and preference stocks	-	- 5	- 14	- 44
4	New issues	+ 125	+ 117	+ 53	+ 194
5	Retirements	- 29	- 103	- 72	- 71
6,7,8	Foreign securities	- 2	- 15	- 29	- 36
	Loans by Government of Canada:				
9	Drawings	-	-	-	-
10	Repayments	-	+ 27	+ 3	+ 7
	Change in Canadian dollar holdings of foreigners:				
14 a	Deposits	+ 35	+ 35	- 46	- 13
14 b	Government of Canada demand liabilities	- 3	- 2	- 3	- 2
14 c	Canadian treasury bills	- 34	+ 18	+ 18	+ 50
17	Other capital movements	- 135	+ 244	- 28	- 411
E	Net capital movement, exclusive of change in official holdings of gold and foreign exchange	+ 51	+ 407	- 41	- 272
H	Official holdings of gold and foreign exchange:				
1	Change in holdings	- 62	+ 135	- 364	+ 114
2	Net International Monetary Fund position	+ 51	-	- 10	- 367
3	Other special international financial assistance	-	-	-	- 381

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

A 1) Merchandise trade statistics are adjusted for use in this statement. Details of these adjustments are shown in B 1) the annual reports on "The Canadian Balance of International Payments".

A 11) This item includes government transactions n.o.p., personal and institutional remittances, miscellaneous income, B 11) insurance transactions, and business services.

QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

Note: Data for 1962 are preliminary and data for 1961 are subject to revision
1963

1962		1 9 6 3			Annual Totals		Four Quarters ended		No.
III	IV	I	II	III	1960	1961	1962 Sept. 30, 1963		
millions of dollars									
									A
1,628	1,721	1,482	1,776	1,801	5,392	5,889	6,364	6,780	1
39	41	45	41	38	162	162	165	165	3
294	94	50	132	320	420	432	560	596	4
44	82	43	54	43	173	209	211	222	5
133	133	110	137	142	442	486	498	522	6
42	31	27	38	48	102	103	124	144	7
108	107	108	112	111	419	403	426	438	11
2,288	2,209	1,865	2,290	2,503	7,110	7,734	8,348	8,867	12
									B
1,559	1,583	1,413	1,700	1,666	5,540	5,716	6,209	6,362	1
200	102	117	158	207	627	642	610	584	4
163	234	194	191	177	653	770	781	796	5
158	152	124	159	175	533	568	588	610	6
44	45	40	44	50	181	174	163	179	7
5	8	15	10	13	61	56	32	46	9
193	204	206	215	207	758	790	813	832	11
2,322	2,328	2,109	2,477	2,495	8,353	8,716	9,196	9,409	12
+ 69	+ 138	+ 69	+ 76	+ 135	- 148	+ 173	+ 155	+ 418	
- 98	- 249	- 298	- 253	- 114	-1,034	-1,099	- 971	- 914	
- 5	- 8	- 15	- 10	- 13	- 61	- 56	- 32	- 46	
- 34	- 119	- 244	- 187	+ 8	-1,243	- 982	- 848	- 542	C
									D
+ 145	+ 190	+ 70	+ 40	+ 45	+ 650	+ 515	+ 525	+ 345	1
- 15	- 25	- 20	- 25	- 15	- 50	- 80	- 100	- 85	2
+ 39	+ 24	+ 23	+ 31	- 7	+ 3	+ 63	+ 64	+ 71	3 a
- 26	- 32	- 57	- 44	- 27	+ 51	+ 40	- 116	- 160	3 b
+ 85	+ 386	+ 410	+ 391	+ 98	+ 447	+ 533	+ 718	+1,285	4
- 53	- 125	- 53	- 175	- 33	- 265	- 297	- 321	- 386	5
- 9	- 5	+ 4	+ 12	- 4	- 19	- 33	- 79	+ 7	6,7,8
- 7	-	-	-	- 8	-	-	- 7	- 8	9
+ 68	+ 51	-	+ 6	-	+ 32	+ 37	+ 129	+ 57	10
- 47	+ 90	- 29	+ 38	- 12	+ 79	+ 35	- 16	+ 87	14 a
- 3	+ 4	-	- 3	- 1	- 12	- 2	- 4	-	14 b
- 3	- 61	+ 9	- 19	+ 19	+ 56	- 58	+ 4	- 52	14 c
+ 546	+ 100	- 47	+ 46	- 122	+ 232	+ 519	+ 207	- 23	17
+ 720	+ 597	+ 310	+ 298	- 67	+1,204	+1,272	+1,004	+1,138	E
									H
+ 686	+ 101	+ 66	+ 111	- 145	- 39	+ 229	+ 537	+ 133	1
-	-	-	-	+ 86	-	+ 61	- 377	+ 86	2
-	+ 377	-	-	-	-	-	- 4	+ 377	3

Notes: (1) A minus sign indicates an outflow of capital from Canada.

(2) 1,2 Exclusive of undistributed profits.

(3) 17 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 throughout the accounts.

H 3 A minus sign indicates a receipt by Canada.

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