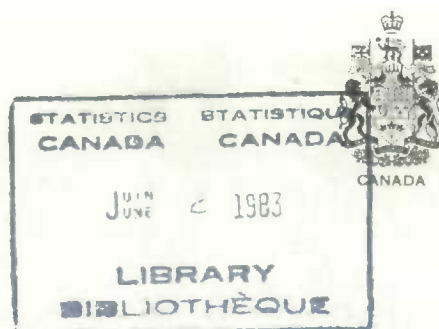


CATALOGUE No.

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QUARTERLY



MAR 23 1971

SYSTEM OF NATIONAL ACCOUNTS

QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

FOURTH QUARTER

1970

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REFERENCE PUBLICATIONS

<u>Catalogue Number</u>	<u>Title</u>	<u>Price per copy</u>
67-505	"The Canadian Balance of International Payments - A Compendium of Statistics from 1946 to 1965", for 1946 to 1964	\$2.50
67-201	"The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position", for more detailed information	1.50
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CATALOGUE No.

67-001

QUARTERLY

Quarterly Estimates of the Canadian Balance of International Payments

Fourth Quarter 1970

ERRATA

Page 27 - Direct Investment in Canada - annual total 1969 was - 655,
should read, + 655.

2306-502

QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

FOURTH QUARTER 1970

Economic activity in Canada in 1970 was relatively subdued as the rate of real growth, as measured by the constant dollar value of the Gross National Product, fell to 3.3 per cent from 4.8 per cent in 1969. With the inclusion of the effects of price increases, G.N.P. in current dollar terms, rose, however, by about 7.5 per cent. Exports, especially of merchandise, were one of the more buoyant sectors of the economy throughout the year. Exports of goods and invisibles as a whole rose 13 per cent above the 1969 level with both merchandise exports and invisibles increasing at about the same rate. On the other hand the value of merchandise imports, reflecting the slack in the economy, dropped marginally from the previous year so that imports of goods and invisibles, together, only rose by 2 per cent. As a result of these differing rates of growth the 1969 current account deficit of \$751 million swung to a surplus of \$1,297 million in 1970, the first annual surplus since 1952. The major factor in this change was the \$2,142 million increase in the merchandise trade surplus to \$3,002 million. Non-merchandise transactions led to a larger deficit of \$1,705 million. The current account balance, adjusted for seasonal variations, showed particularly strong growth in the first and fourth quarters of the year. Some decline from the first quarter level was evident in the middle two quarters.

Summary Statement

	1968	1969	1970	1969	1970				
				IV Q	I Q	II Q	III Q	IV Q	
	millions of dollars								
Merchandise trade balance	+ 1,375	+ 860	+ 3,002	+ 299	+ 631	+ 650	+ 731	+ 990	
Balance on non-merchandise transactions	- 1,482	- 1,611	- 1,705	- 471	- 576	- 398	- 253	- 478	
Current account balance	- 107	- 751	+ 1,297	- 172	+ 55	+ 252	+ 478	+ 512	
Capital movements in long-term forms ..	+ 1,654	+ 2,257	+ 814	+ 569	+ 644	- 44	+ 149	+ 65	
Capital movements in short-term forms	- 1,198	- 1,441	- 581	- 235	- 305	+ 573	- 401	- 448	
Net capital movement(1)	+ 456	+ 816	+ 233	+ 334	+ 339	- 529	- 252	- 383	
Allocation of Special Drawing Rights ..	...	...	+ 133	...	+ 133	-	-	-
Net official monetary movements	+ 349	+ 65	+ 1,663	+ 162	+ 527	+ 781	+ 226	+ 129	

(1) Excluding items shown below.

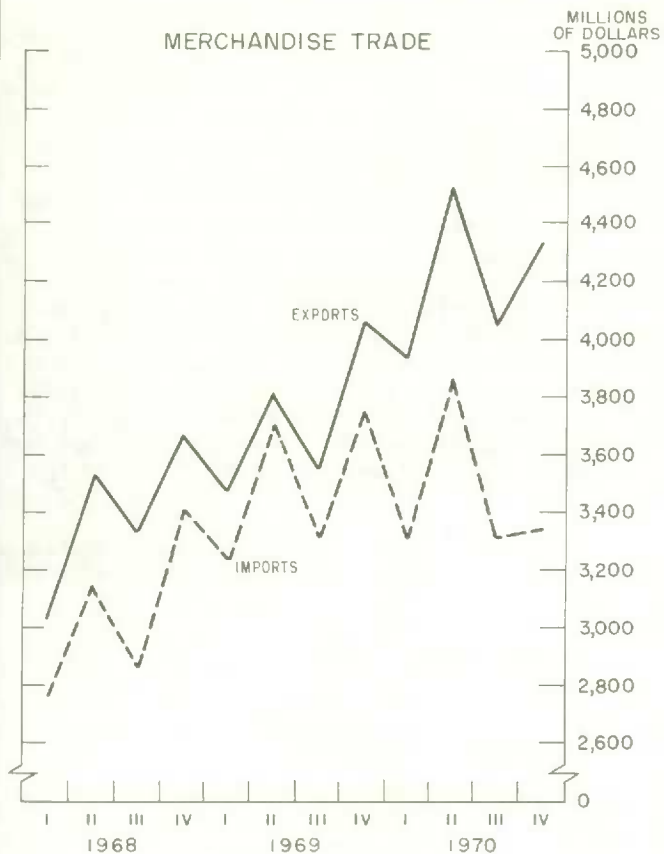
... Not applicable.

Apart from the general slackness of the economy, special factors affecting patterns of activity in 1970, were the boost in exports early in the year to catch up on strike interrupted deliveries in 1969; the floating of the Canadian dollar at the end of May and its subsequent marked appreciation; a gradual easing of monetary policy especially in the last three quarters of the year which had to take into account not only domestic requirements but also the effects of differential interest rates on the exchange rate and international reserves; a general slackness in the United States economy with some buoyancy elsewhere; and the pervasive effects, especially in the fourth quarter, of the continent-wide strike against General Motors Corporation.

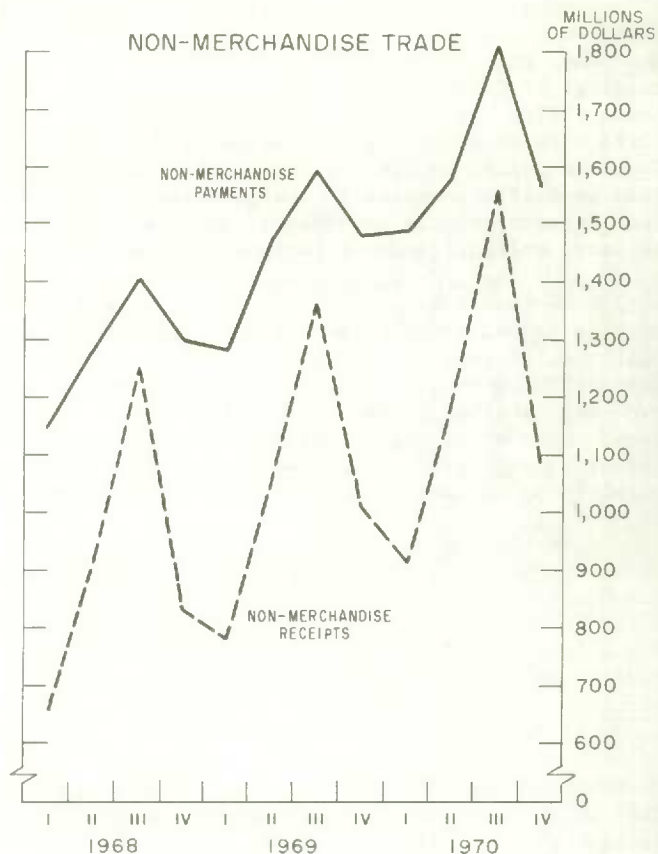
Inflows of capital in long-term forms declined by \$1,443 million to \$814 million as new Canadian issues sold to non-residents fell by almost \$800 million to \$1,269 million. With a gradual easing of monetary conditions in Canada, especially in the latter part of the year, and in response to official requests to limit their issues abroad, Canadian borrowers obtained a far greater proportion of their funded debt requirements domestically in 1970 than in 1969. Other principal factors which may have contributed to the reduced net inflow of long-term capital, apart from the general economic slowdown, were the most protracted slide in stock prices experienced in recent years on North American exchanges causing investors, including institutions, to re-evaluate their holdings; a narrowing of interest rate differentials especially with Europe; uncertainty about pending changes in Canadian tax law; and a growing public debate on the role of foreign capital in Canada.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

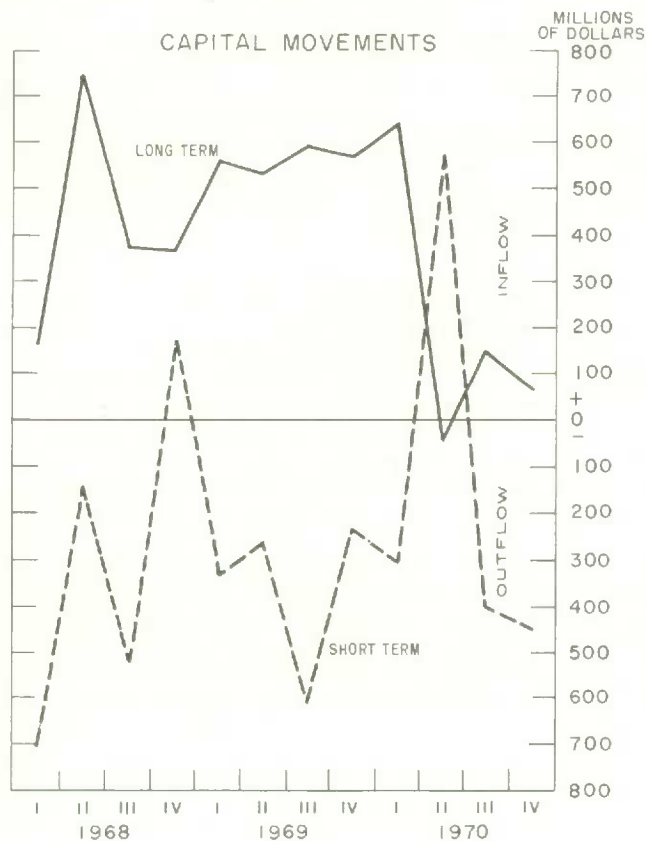
MERCHANDISE TRADE



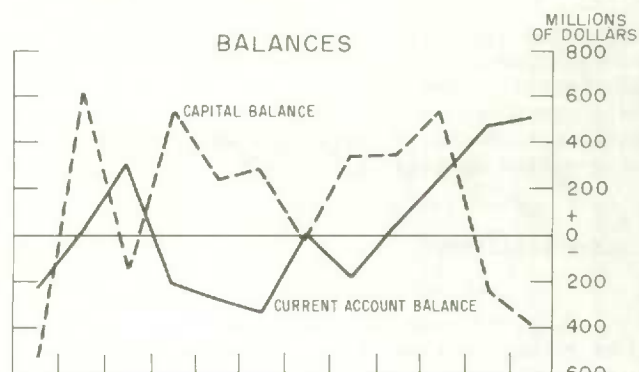
NON-MERCHANDISE TRADE



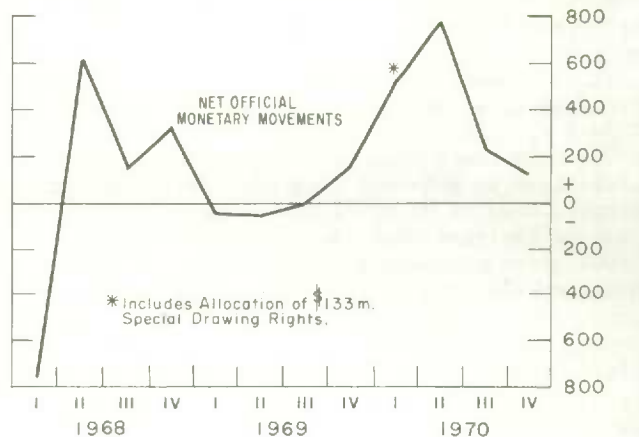
CAPITAL MOVEMENTS



BALANCES



* Includes Allocation of \$133 m. Special Drawing Rights.



Short-term capital outflows fell by \$860 million to \$581 million. The main element in this change was a reduction of \$1,228 million in the outflow to increase Canadian holdings of bank balances and other short-term funds abroad. There were significant inflows as non-residents increased their holdings of Canadian money market instruments. These changes were mainly occasioned by arbitrage movements taking advantage of hedged interest rate differentials. At times during the year these differentials widened appreciably principally due to a substantial premium which developed for the forward Canadian dollar in the second and third quarters. It should be noted that the category "other short-term capital transactions" includes amounts which have not yet been identified. This errors and omissions element of the Canadian balance of international payments during 1970, as currently measured, reflects unidentified net payments of about \$400 million.

Canada's net official monetary assets increased by \$1,663 million in 1970. Some \$133 million of this increase was accounted for by Canada's share of the Special Drawing Rights which the International Monetary Fund allocated to participating member countries on January 1, 1970. Apart from this transaction Canada's international reserves still rose substantially in the first quarter of 1970 and even more sharply in the following two months. With the possibility of reserves rising far in excess of Canada's needs and in order to avoid an immediate problem of financing any further accumulation the Canadian authorities announced on May 31, 1970 that they would no longer peg the Canadian dollar to within one per cent of its par value of 92 1/2 US cents.

Preliminary estimates produced on the basis of available data indicate that Canada's balance of international indebtedness recorded a slight increase of perhaps a quarter of a billion dollars in 1970 reaching a book value of over \$28 billion by the end of the year. This is the smallest increase in Canada's net international indebtedness position since the slight decrease recorded in 1952 which incidentally was the last occasion when Canada experienced a current account surplus. Long-term foreign investment rose by about \$2 billion reflecting both an inflow of long-term capital and an increase in earnings accruing to non-residents. Other non-resident claims on Canadians brought the total of Canada's external liabilities to over \$49 billion. The total outflow of domestic long-term capital together with an increase in earnings accruing to Canadians abroad caused the total book value of Canadian long-term investment abroad to rise to over \$11 billion at the end of 1970. Due mainly, however, to the large rise in net official monetary assets, total Canadian assets abroad registered an increase of over \$2 billion to about \$21 billion at the end of 1970. The change in status of Brascan Limited from a Foreign Business Corporation to a resident Canadian corporation in 1970 resulted in significant increases in both the assets and liabilities accounts. These changes were, however, of equal magnitude and therefore did not affect the net indebtedness position. It should also be noted that the switchover of accounting records of certain major Canadian corporations from Canadian to United States dollars together with the appreciation of the Canadian dollar have combined to effect changes of varying degrees on both Canadian liabilities and assets (particularly the latter), and consequently on the net international indebtedness position.

Merchandise Trade

In 1970 merchandise transactions between Canada and the rest of the world reflected the relatively subdued pace of economic activity in Canada and the United States and the buoyant conditions in other principal markets for Canadian goods such as some Western European countries and Japan. This situation occasioned a slight drop in the level of imports into Canada to \$13,839 million while exports rose significantly to \$16,841 million. This performance on merchandise trade gave rise to a record trade surplus of \$3,002 million.

At 13 per cent the rate of growth of merchandise exports in 1970 was one third higher than in 1969. This was achieved despite the rise in the value of the Canadian dollar following its unpegging at June 1, 1970 and was all the more remarkable since it was accomplished largely as a result of gains in Canadian exports to overseas countries. The value of exports to these countries was over one third higher than in 1969 and provided more than three quarters of the increase in sales. Partly due to greater Canadian penetration in a number of relatively small markets, the share of Canada's exports going to overseas countries increased from 29 per cent in 1969 to 35 per cent in 1970. The United States share correspondingly declined to 65 per cent. The overall growth rate of exports was in line with the 1970 rate of growth of world exports in general and of developed countries in particular.

Merchandise Exports 1970

Selected exports by destination with adjustments for Balance of Payments purposes

	Destination						Per cent of total domestic exports (Trade of Canada)
	United States	United Kingdom	Other Western Europe	Japan	Other countries	All countries	
	millions of dollars						
<u>DOMESTIC EXPORTS (Trade of Canada)</u>	10,641	1,480	1,588	793	1,956	16,458	100.0
Of which:							
Motor vehicles, engines and parts	3,331	5	13	1	220	3,570	21.7
Newsprint paper	872	60	16	11	151	1,110	6.7
Crude petroleum and natural gas	855	-	-	-	-	855	5.2
Nickel ores and alloys	331	207	190	34	41	803	4.9
Wood pulp	485	50	127	70	53	785	4.8
Copper ores and alloys	162	168	205	163	39	737	4.5
Wheat	1	92	101	77	413	684	4.2
Lumber	461	66	31	68	43	669	4.1
Aluminum ores and alloys	184	110	58	40	86	478	2.9
Iron ore	313	54	87	22	-	476	2.9
Fabricated iron and steel	284	25	32	10	74	425	2.6
Aircraft engines and parts	239	11	76	-	53	379	2.3
<u>RE-EXPORTS (Trade of Canada)</u>	346	19	26	2	36	429	...
<u>ADJUSTMENTS</u>							
Wheat	-	5	- 1	- 2	4	6	...
Automobiles	- 37	-	-	-	-	- 37	...
Aircraft and other adjustments ..	3	-	- 18	-	-	- 15	...
<u>EXPORTS (adjusted for Balance of Payments)</u>	10,953	1,504	1,595	793	1,996	16,841	...

Among factors which contributed to the commodity exports performance in 1970 was the resumption of a large volume of deliveries of wheat to state trading countries (especially the Soviet Union) coupled with large shipments of barley and rapeseed. Wheat exports were boosted by a reduction in the supply of wheat in world markets due to drought conditions in grain exporting countries such as Australia, Argentina and France and by government assisted sales to such countries as Peru and the United Arab Republic. Barley exports profited from setbacks in the United States where, as a result of the Southern Corn Blight, there were lower yields. Catch-up requirements of metals following the 1969 strikes in the mining industry in Canada added to the strength in demand for mineral resource products. On the other hand exports of forest products were adversely affected by lower residential construction activity in the United States, strikes at mills and by towboat operators as well as by the appreciation of the Canadian dollar. Exports of manufactured products were influenced by sluggish demand for durable goods generally and by strikes in the last months of 1970. On a commodity basis the principal increases in exports occurred in wheat and barley, iron ore, nickel, copper, crude petroleum and natural gas, fertilizers and steel. End products, including motor vehicles, engines and parts sales of which increased by \$80 million, rose by 4 per cent as against 25 per cent in 1969.

Merchandise Imports 1970

Selected imports by source with adjustments for Balance of Payments purposes

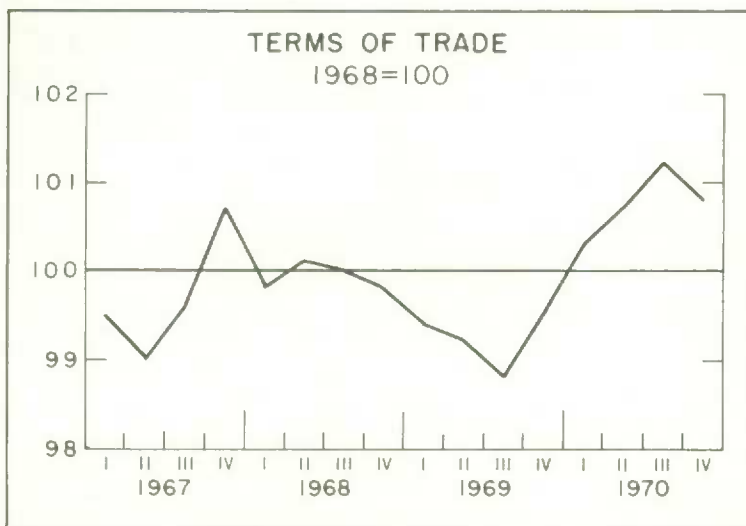
	Source							Per cent of total imports (Trade of Canada)
	United States	United Kingdom	Other Western Europe	Japan	Venez- uela	Other countries	All countries	
	millions of dollars							
<u>IMPORTS (Trade of Canada)</u>	9,905	738	1,196	582	339	1,180	13,940	100.0
Of which:								
Motor vehicles, engines and parts	2,886	60	180	112	-	1	3,239	23.2
Chemicals and chemical products	572	33	89	11	-	7	712	5.1
Crude petroleum, fuel oil and other petro- leum products	67	2	9	-	338	205	621	4.5
Fabricated iron and steel	273	35	49	68	-	16	441	3.2
Aircraft, engines and parts	351	22	10	-	-	1	384	2.8
Communication equipment Electronic computers and office equipment	240	17	27	85	-	10	379	2.7
Tractors and agricul- tural machinery	260	15	26	12	-	1	314	2.3
	271	18	18	2	-	-	309	2.2
<u>ADJUSTMENTS</u>								
Automotive products	- 95	-	-	-	-	-	- 95	...
Aircraft and other equipment	+ 17	-	-	-	-	-	+ 17	...
Other adjustments	- 16	- 6	- 1	-	-	-	- 23	...
<u>IMPORTS (adjusted for Balance of Payments)</u>	9,811	732	1,195	582	339	1,180	13,839	...

With imports actually falling below the 1969 total to \$13,839 million and the Gross National Product rising by 7.5 per cent (in current dollar terms), the upward trend in the ratio of merchandise imports to G.N.P. which, during the previous five years rose by two percentage points to reach 18 per cent in 1969, was reversed dropping to 16 per cent in 1970. The downturn in imports reflected in part the countervailing influences of lower unit values of imports following the appreciation of the dollar in mid-year, and the stimulative effects which the rise in the value of the Canadian dollar should have provided to purchases from abroad. In addition there was a general sluggishness in the economy with softness in the domestic retail market, rising unemployment, restrained business spending and a decline in manufacturing activity. These general problems were exacerbated throughout much of the fourth quarter of the year by the continent-wide strike against General Motors. The decline in Canadian merchandise imports does not seem to have been paralleled in other developed countries which, as a group, in the first three quarters of 1970 increased their imports by about 16 per cent compared with the same period of 1969. There was a reduction of about 10 per cent in Canadian imports of automobiles. Other products showing reductions in imports were excavating and agricultural machinery, communications equipment, lumber, fuel oil, steel and precious metals. Increases in imports were recorded for food and beverages, coal, crude petroleum, inorganic chemicals, metal-working and pulp and paper industries machinery, computers and other office machines and equipment.

Adjustments to recorded merchandise trade for balance of payments purposes as shown in Table 6 included a net decrease of \$46 million from exports mainly for timing corrections in respect of aircraft deliveries and progress payments and for retroactive automobile price adjustments. The deduction from merchandise exports in respect of the retroactive automobile price adjustment is offset by an equivalent credit taken in the business services account. A deduction of \$101 million from imports

reflected mainly the elimination of amortization and other automotive special tooling charges which are included in business services. The net effect of these adjustments has been an increase of \$55 million to the recorded trade balance.

Export prices in 1970 were on average, in Canadian dollar terms, about 3 per cent higher than in 1969. In the first five months of the year they climbed by over 2 per cent above the level at the end of 1969. In the ensuing period following the appreciation of the dollar, prices fell back virtually to the level of December 1969 and below that of January 1970. The reversal in the movement of export prices which occurred in the second half of the year reflects a possible reduction in prices by exporters to maintain their competitive position as well as a lowering of the Canadian dollar equivalent of prices expressed in foreign currencies due to the appreciation in the value of the dollar which took place after June 1, 1970. World supply and demand conditions for selected non-ferrous metals also dictated some price declines. By the end of the year prices of crude and fabricated materials had declined by about 5 per cent below the highest levels reached prior to the floating of the exchange rate. Prices of end products, however, moved up by about 2 per cent during 1970.



Import prices, which over the year as a whole rose by about 2 per cent above the 1969 average, reached a peak in May of some 2 per cent above the level at the beginning of the year. As in the case of exports, import prices moved downwards over the last seven months of 1970 reflecting reduced unit values as a result of the rise in the value of the Canadian dollar. By the end of the year prices had fallen to a level which was below that existing in December 1969 and January 1970.

Non-merchandise Transactions

In 1970 receipts from non-merchandise transactions including transfers rose by 12 per cent to \$4,739 million while payments increased by 10 per cent to \$6,444 million. The deficit on these transactions went up therefore by about 6 per cent to \$1,705 million. Service receipts at \$4,252

million went up by 13 per cent while service payments climbed by 10 per cent to \$5,848 million. The deficit on the services, which represented 94 per cent of the total deficit on invisibles, increased by about 3 per cent to \$1,596 million. Increases amounting in total to \$169 million in the deficits on travel, interest and dividends, and business services were offset to the extent of about 86 per cent by the strengthening in the balances on freight and shipping and miscellaneous income. Total transfer receipts rose by 7 per cent to \$487 million, while payments, due mainly to a relatively large increase in official contributions, advanced by 17 per cent to \$596 million.

Interest and Dividends and Miscellaneous Income

Period	Receipts				
	Interest	Dividends	Sub-total	Miscellaneous income (1)	Grand total
millions of dollars					
1968	102	251	353	237	590
1969	161	253	414	433	847
1970	240	273	513	562	1,075
1969 I Q	32	56	88	102	190
II Q	36	76	112	102	214
III Q	32	53	85	110	195
IV Q	61	68	129	119	248
1970 I Q	40	72	112	141	253
II Q	56	65	121	140	261
III Q	61	62	123	141	264
IV Q	83	74	157	140	297
	Payments				
	Interest	Dividends	Sub-total	Miscellaneous income (1)	Grand total
1968	546	713	1,259	373	1,632
1969	649	696	1,345	459	1,804
1970	744	780	1,524	535	2,059
1969 I Q	142	156	298	108	406
II Q	174	144	318	117	435
III Q	150	144	294	112	406
IV Q	183	252	435	122	557
1970 I Q	176	212	388	126	514
II Q	197	155	352	134	486
III Q	180	173	353	128	481
IV Q	191	240	431	147	578

(1) In the main balance of payments tables, this is included in other service receipts and other service payments; it includes, in addition to income on short-term and miscellaneous long-term investment, all services associated with international banking and insurance operations.

The net balance from receipts and payments of interest and dividends reached a deficit of \$1,011 million, increasing by \$80 million over the 1969 net total. Although both income receipts and payments recorded exceptionally large gains in 1970, the increase in the latter amounting to \$179 million had nearly twice as strong an impact on the net balance as the rise in receipts of \$99 million. The sharpest relative rise occurred in interest receipts which rose in all four quarters of 1970, aggregating \$240 million for the year - an increase of \$79 million over the 1969 figure. By far the most important contributor to this spurt in earnings was that generated from official holdings of foreign exchange. Receipts of dividends recorded a moderate gain of \$20 million over 1969 and amounted to \$273 million in 1970. The pattern of geographical origin of these receipts continued to be similar to that established in the previous years showing about three fifths of the total to have come from the United States. More than one half of the total increase in interest and dividend disbursements was accounted for by payments of interest which rose from \$649 million in 1969 to \$744 million in 1970. Almost three fourths of this increase was attributable to larger interest payments on bonds of provincial governments held by non-residents. In general, the country distribution of these payments retained a structure similar to that of the past with the notable exception of countries of continental Europe to which interest payments increased at a faster rate. Increased profits from the operations of unincorporated branches of foreign companies and a sharp rise in dividend payments by Canadian subsidiaries of foreign companies accounted for the whole of the \$84 million increase in total dividend payments which amounted to \$780 million in 1970. The United States bolstered its predominant position in the geographical distribution of dividend

payments, receiving over four fifths of the total in 1970. The net balance from receipts and payments accounted for about 59 per cent of the deficit on non-merchandise transactions, one percentage point higher than in 1969.

The deficit on travel continued to increase rising to \$235 million from \$218 million in the previous year. The largest relative increases for both receipts and payments occurred in travel expenditures vis-à-vis overseas countries. Canadian travel expenditures with these countries rose by 31 per cent as against an increase of 4 per cent in travel expenditures with the United States. Receipts from overseas travellers went up by 25 per cent which was about twice the rate of growth of expenditures of United States residents travelling to Canada. This development in overseas travel reflects in part the increase in Canadian travel expenditures as a result of the 1970 World Exposition in Osaka, Japan, and the upsurge in charter operations to Europe and the Caribbean area which have seen significant growth in recent years and reached record proportions in 1970.

The largest change in the balance on the invisible items took place on freight and shipping. The balance on this account strengthened by \$91 million, surging from a deficit of \$55 million to a surplus of \$36 million. With the ratio of the receipts and payments to merchandise exports and imports, respectively, remaining practically unchanged the movement on this account reflected the change in merchandise trade. This has been the first time since 1952 that a surplus has appeared in this account.

All Other Service Transactions(1)

	Receipts			Payments		
	1968	1969	1970	1968	1969	1970
	millions of dollars					
Government transactions, excluding official contributions	164	177	185	214	216	227
Miscellaneous income(2)	237	433	562	373	459	535
Business services and other transactions	439	625	630	854	1,019	1,096
Totals	840	1,235	1,377	1,441	1,694	1,858
Net balances .....	...	...	...	- 601	- 459	- 481

(1) Personal and institutional remittances are now shown separately in the transfers section of the main balance of payments tables.

(2) Includes income on short-term and miscellaneous long-term investment and on all services associated with international banking and insurance operations.

Largely as a result of an increase of \$72 million in the deficit on business services which was partly offset by the swing from a deficit to a surplus on miscellaneous income due to higher banking earnings and income on short-term investments. The deficit on the "Other Services" account increased by about 5 per cent to \$481 million. The totals for business services and other transactions for both 1969 and 1970 have been revised to cover additional receipts and payments for a number of services involving the non-corporate sector which, following a preliminary review of this area, appeared to be undercovered. In addition, service receipts for 1969 were revised to include retroactive automobile price adjustments which were deducted as a balance of payments adjustment from merchandise exports. Gold production available for export continued to fall dropping from \$108 million in 1969 to \$95 million in 1970. This was the second consecutive annual decline from the \$120 million level reached in 1968.

The deficit on transfers, largely due to an increase of about 40 per cent in official contributions, nearly doubled in 1970 to \$109 million. There was an increase of 5 per cent in net inflows on account of inheritances and migrants' funds, largely due to higher per capita amounts from a smaller number of immigrants. The net payment balance for personal and institutional remittances rose marginally. Official contributions went up by 40 per cent to \$201 million. The increase occurred mainly in the international food aid program and the international assistance account which consists of technical and economic assistance to developing countries. Disbursements under the international food aid program, the bulk of which was wheat, represented about one half of the \$201 million in foreign aid.

Current Account Transactions in the Fourth Quarter - Seasonally Adjusted

In the fourth quarter of 1970, the current account balance, seasonally adjusted at quarterly rates, registered the fourth consecutive quarterly surplus soaring to a high of \$571 million. This was over three times the third quarter surplus and amounted to 44 per cent of the total surplus for the year. About 90 per cent of this improvement was due to the 54 per cent increase in the merchandise trade surplus which rose to \$991 million in the fourth quarter. Merchandise imports fell by about 9 per cent to \$3,188 million, the lowest level since the third quarter of 1968 while exports, following two successive decreases moved up slightly to \$4,179 million. At this level exports were 2 per cent down from the first quarter of 1970.

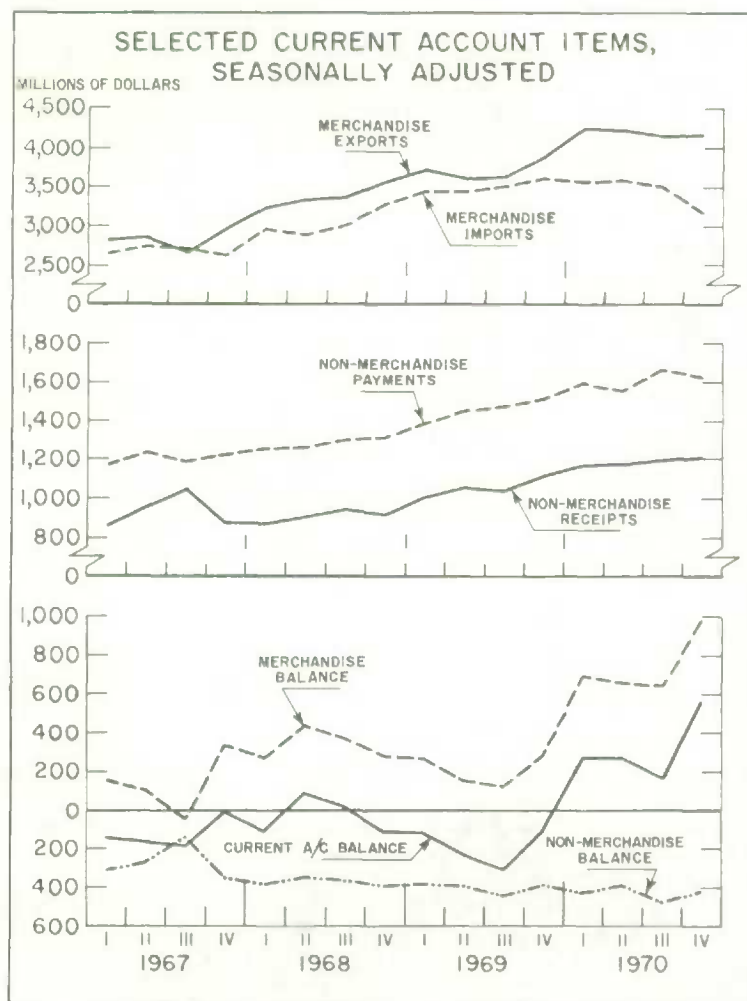
On non-merchandise transactions there was only a slight increase in total service receipts as the expansion in foreign travel expenditures in Canada which rose by 10 per cent to \$320 million was practically offset by reductions in interest and dividends, freight and shipping, and other service receipts. Service payments declined by 2 per cent to \$1,466 million. The increase of 6 per cent or \$26 million on other service payments was more than offset by reductions of 4, 9 and 2 per cent in travel, interest and dividends and freight and shipping payments respectively, equivalent to a total of \$59 million. The deficit on services therefore fell by 9 per cent to \$387 million.

The deficit on transfers showed a significant improvement of some 27 per cent from the third quarter level. The notable change among the transfers was the 18 per cent reduction to \$56 million in official contributions from the high level of \$68 million recorded in the third quarter. In the fourth quarter the reduction in total non-merchandise payments together with the decline in merchandise imports produced the lowest level of total current payments since the fourth quarter of 1968.

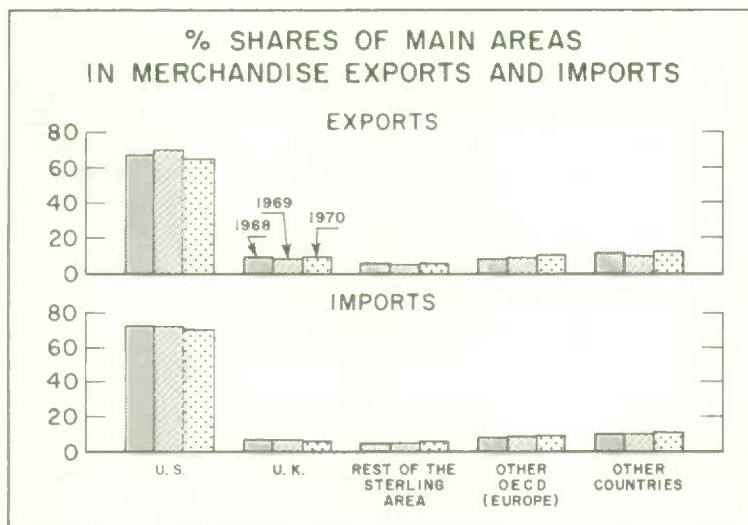
Transactions by Areas

In transactions with the United States the current account balance reversed dramatically from a deficit of \$733 million in 1969 to a surplus of \$33 million in 1970. The surplus on merchandise trade more than tripled to \$1,142 million as merchandise exports increased by 4 per cent to \$10,953 million while imports declined to \$9,811 million.

The rate of growth of exports to the United States in 1970 was 11 percentage points lower than that of 1969. With the increase in exports to the United States accounting for only 23 per cent of the total expansion in exports the share of the United States market in total Canadian exports fell by 5 points to 65 per cent. This dramatic change in the export performance vis-à-vis the United States was a reflection of the generally depressed economic conditions in the United States in 1970 when there was a relatively high rate of unemployment and a decline in real output. There was also a slowdown in automotive sales in the United States which was accentuated by the strike at General Motors. Canadian exports of motor vehicles, engines and parts recorded only a very slight increase of 2 per cent as compared to the over 35 per cent advance in the previous year. Shipments of iron ore, nickel, copper, crude petroleum and natural gas were higher. On the other hand exports of aluminum, woodpulp and newsprint declined while lumber fell by about \$100 million as a result of a reduced tempo in the residential construction industry. At \$9,811 million imports from the United



States in 1970 were lower by about 3 per cent than the previous year, further reducing the United States share in total Canadian imports by 1 percentage point to 71 per cent. Imports of end products declined by about 7 per cent while increases were recorded for imports of crude and fabricated materials and live animals.



On non-merchandise transactions an increase of 9 per cent in receipts, which rose to \$3,020 million, and of 7 per cent in payments, which went up to \$4,129 million, resulted in a very small widening of \$9 million in the non-merchandise deficit to \$1,109 million. A combined increase of \$119 million in the interest and dividend and other service deficits was more than offset by an improvement of \$123 million in the travel, freight and shipping and inheritances and migrants' funds balances. Gold production available for export, however, which is conventionally credited to the United States account, fell by \$13 million to \$95 million.

If the credit representing gold production available for export is excluded, Canada's current account with the United States in 1970 would show a deficit of \$62 million. Capital movements between the two countries produced a net capital inflow of \$715 million as a net influx of capital in

long-term forms of \$958 million outweighed a short-term capital outflow of \$243 million. In sum, these transactions with the United States gave rise to net receipts by Canada of \$653 million. When the change in official reserves held in the United States is taken into consideration, however, Canada made large multilateral payments to that country. This contrasted with the exceptional situation in 1969 when Canada's net receipts on current and capital accounts with the United States were combined with a reduction in official holdings of United States dollars to offset deficits in total transactions with other areas.

With the United Kingdom total current receipts grew by 29 per cent while payments rose by only 3 per cent to produce an expansion of \$441 million in the current account surplus to \$764 million. Almost all of this improvement was due to an increase of \$438 million in the merchandise trade surplus which was the result of a 34 per cent growth in exports and a 7 per cent drop in imports. Increased United Kingdom purchases from Canada partly reflected the rebuilding of stocks which had been rundown in the previous year as a result of the strikes in mineral industries in Canada, as well as the effects of the gradual reduction in the rate of United Kingdom import deposit requirements which were eliminated in December. The rate of increase of Canadian exports to the United Kingdom was more than three times the rate of growth of total imports by the United Kingdom in the first nine months of 1970 over the corresponding period in 1969. This reversed the downturn in exports to the United Kingdom which occurred in 1969 raising the share of the United Kingdom market in total Canadian sales abroad by about 1 1/2 percentage points to almost 9 per cent. There were increased sales of metals, such as iron ore, copper, aluminum and nickel. Non-merchandise transactions showed large but roughly equal increases of 18 and 17 per cent in receipts and payments respectively so that the non-merchandise deficit of \$8 million remained substantially unchanged from the 1969 deficit of \$11 million. Among the service items, the surplus on "other service" transactions and freight and shipping widened in total by \$70 million while the travel and interest and dividend deficits rose altogether by \$52 million. The surplus on inheritances and migrants' funds, due mainly to a drop of some 17 per cent in the number of immigrants from the United Kingdom, declined by \$14 million.

With the Rest of the Sterling Area the current account surplus more than doubled to \$127 million from \$55 million in 1969. This change arose from an increase of \$125 million in the merchandise trade surplus which was partially offset by a deterioration of \$53 million in the non-merchandise balance. Merchandise exports for this group of countries increased impressively rising by 27 per cent over the 1969 level to \$785 million. On the other hand imports registered only a moderate increase of 7 per cent to \$629 million. Exports to India, Australia and Pakistan were up in total by over \$100 million. There were smaller increases in sales to South Africa, New Zealand and Singapore. More wheat was shipped to India and Pakistan with India also purchasing more lead, nickel and zinc. Shipments of motor vehicle parts and newsprint to Australia were also higher. Reductions in imports from Jamaica, Trinidad and the Trucial States partially offset an increase of \$73 million in imports from Australia and Nigeria. The increase in imports from the latter country represented a resumption of crude petroleum purchases following the end of the civil war.

As non-merchandise receipts remained in total unchanged at \$273 million, the movement of \$53 million in the non-merchandise balance to a deficit of \$29 million was due entirely to the 21 per cent increase in non-merchandise payments which rose to \$302 million. The service and transfer items contributed almost equally to the decline in the non-merchandise balance with official contributions increasing by \$25 million followed by a narrowing of the surplus on interest and dividends and a widening of the travel deficit together amounting to \$29 million.

With the OECD (Europe) group of countries total current receipts increased in 1970 by 33 per cent to \$2,018 million while payments increased by only 10 per cent to \$2,047 million. This resulted in the current account deficit falling by over 90 per cent to \$29 million, the lowest deficit since 1960. The merchandise trade surplus advanced more than five-fold to \$420 million over the 1969 level as merchandise exports increased by 34 per cent to \$1,616 million while imports increased by only 7 per cent to \$1,196 million. Exports to this group of countries burgeoned to meet the demands of expanding economies passing through a period of particular buoyancy. Of the sixteen countries within this group all except Austria recorded increases in their purchases from Canada. The largest gains were registered for Germany, the Netherlands, Belgium, Norway and Italy. More nickel, copper, iron ore, woodpulp, pig iron, zinc, barley and rapeseed were exported to this group of countries. On imports, Sweden, Germany and Finland registered increases totalling \$50 million. Imports of fabricated iron and steel declined while small increases occurred in aircraft, office equipment, and agricultural machinery.

On non-merchandise transactions where payments amount to over twice the receipts, the deficit rose by 6 per cent to \$449 million despite an advance of 26 per cent in receipts to \$402 million and a lower increase of 15 per cent in payments. An advance of \$53 million in the deficits on travel and other services was partially offset by the reduction of \$16 million in the freight and shipping deficit and by small improvements totalling \$10 million in the balances on interest and dividends and transfers.

With the Other Countries group total receipts from current transactions jumped by 37 per cent to \$2,400 million. As total payments increased by only 10 per cent to \$1,998 million the current account balance shifted from a deficit of \$55 million in 1969 to a substantial surplus of \$402 million in 1970. The \$549 million gain in merchandise exports which rose to \$1,983 million and which accounted for 85 per cent of the increase in total current receipts from these countries represented 28 per cent of the total increase in Canadian exports. Imports advanced by a moderate 6 per cent to \$1,471 million. Over 30 per cent of the increase in exports to this group of countries came from sales to Japan which was experiencing buoyant economic conditions.

Increases in sales to Japan were recorded for lumber, copper, nickel, iron ore, coal, woodpulp, barley and rapeseed. On the other hand Japan purchased less newsprint and aluminum.

Exports to the U.S.S.R., consisting mainly of wheat, increased more than ten-fold or by over \$90 million from the low 1969 level. There were export increases of \$40 million and \$35 million to Brazil and the United Arab Republic respectively. Smaller but relatively significant export increases of between \$10 - \$20 million were recorded with Yugoslavia, Syria, Algeria, the People's Republic of China, Indonesia, Venezuela, Cuba, Dominican Republic, Mexico and Puerto Rico.

There were increased purchases from Japan which advanced by 17 per cent to \$582 million, as well as from Columbia, Taiwan and Brazil, and lower imports from Mexico, the People's Republic of China, Venezuela and Panama.

A rise of 30 per cent in non-merchandise receipts to \$417 million and an advance of 24 per cent to \$527 million in payments produced an increase of \$8 million in the non-merchandise deficit which rose to \$110 million. Official contributions to this group of countries increased by 61 per cent or \$33 million. A total increase of \$50 million in the deficit on travel, miscellaneous income transactions and personal and institutional remittances was more than offset by the improvements in the balances on interest and dividends and freight and shipping. There was moreover an increase of \$20 million in the surplus on migrants' funds brought about mainly through large per capita inflows of funds from a relatively small number of individuals arriving from these countries.

Total current and capital account transactions by Canada with the United Kingdom and other overseas countries in 1970 resulted in net receipts by Canada of \$782 million. The strength in merchandise exports described above was the principal factor in producing a current account surplus of \$1,264 million. Capital movements between Canada and these countries led to a net outflow of \$482 million mainly to augment Canadian holdings of foreign currency held overseas.

Capital Movements

The net movement of capital between Canada and other countries in 1970 produced an inflow of \$233 million, a decline of \$583 million from the 1969 level. Inflows of capital in long-term forms declined by \$1,443 million to \$814 million while short-term capital outflows fell by \$860 million to \$581 million in the year under review. The net capital inflow combined with the unprecedented current account surplus of \$1,297 million and the initial allocation of Special Drawing Rights of \$133 million to produce a record increase in net official monetary assets of \$1,663 million.

An \$800 million drop in sales of new Canadian issues to non-residents to \$1,269 million was the major factor in the decline in long-term capital inflows to \$814 million. Other factors accounting for the reduced net inflow were a swing to repurchase balances from transactions in outstanding Canadian securities; an increase in retirements of Canadian securities held abroad; a smaller inflow from the liquidation of Canadian holdings of foreign securities as the rate of reduction decelerated and finally reversed late in the year; increased outflows for government loans and export credits; and a swing to a net outflow in the category "other long-term capital" transactions mainly reflecting the repayments of bank loans from abroad. A significant increase in inflows for foreign direct investment in Canada provided the only major partial offset. The effect of adjusting actual long-term capital inflows to reflect the timing of security offerings is given in the accompanying statement which shows that deliveries exceeded offerings during the year by \$348 million.

Capital Movements in Long-term Forms

Period	Actual movement	Adjusted to reflect timing of security offerings
	millions of dollars	
1968	+ 1,654	+ 2,194
1969	+ 2,257	+ 2,114
1970	+ 814	+ 466
1969 I Q	+ 560	+ 581
II Q	+ 532	+ 532
III Q	+ 596	+ 448
IV Q	+ 569	+ 553
1970 I Q	+ 644	+ 585
II Q	- 44	- 152
III Q	+ 149	+ 57
IV Q	+ 65	- 24

Capital movements in short-term forms in 1970 gave rise to a net outflow of \$581 million, compared to \$1,441 million in 1969. The outflow for the acquisition by Canadians of foreign currency deposits and other short-term funds abroad accounted for \$376 million. Other significant outflows resulted from reductions in non-resident holdings of Canadian treasury bills and miscellaneous finance company obligations and from the other short-term capital transactions category. The main inflows arose from increased non-resident holdings of commercial, finance company and other short-term paper.

The total net capital inflow of \$233 million which occurred in 1970 was made up of outflows of \$107 million represented by increases by the Canadian chartered banks together with their domestic customers of net foreign currency claims on non-residents, and of inflows aggregating \$340 million from all other transactions. The increase in the banks' net foreign currency claims on non-

residents of \$107 million reflected an inflow of \$55 million from the United States and an outflow of \$162 million to overseas countries. Details appear in the following statement. The bank's net spot liabilities to Canadian residents dropped by \$130 million reflecting on the liability side an increase in swapped deposits and a partially offsetting decrease in other deposit liabilities amounting together to \$87 million while, on the asset side, a much larger increase of \$217 million occurred. During the year the level of swapped deposits moved about quite irregularly from a low in July of \$1,285 million to a high in October of \$1,755 million and closed the year at \$1,689 million. It should be noted that the banking guidelines which were introduced on May 3, 1968 were still current in 1970. These guidelines were designed to ensure that the chartered banks would not be a channel for the outflow of funds from the United States which impaired the balance of payments position of that country without improving Canada's external position. At the end of 1970 the Canadian banks had a net short spot foreign currency position overseas of \$130 million and a net long spot foreign currency position in the United States of \$2,251 million, which combined with a net short spot position to Canadian residents of \$1,986 million resulted in a net long spot position of \$135 million.

Foreign Currency Assets and Liabilities of Head Offices and Branches in Canada
of the Canadian Chartered Banks, 1968-1970

	Net Transactions							Amount end of 1970
	1968	1969	1970	1970				
				I	II	III	IV	
millions of dollars								
Assets with residents of:								
United States	168	815	- 33	- 362	28	249	52	3,103
Other countries	737	1,405	1,380	283	356	82	659	4,582
Total non-resident	905	2,220	1,347	- 79	384	331	711	7,685
Canada (b)	- 54	215	217	73	104	144	- 104	1,207
Totals	851	2,435	1,564	- 6	488	475	607	8,892
Liabilities with residents of:								
United States	- 296	339	22	- 61	92	- 55	46	852
Other countries	793	1,361	1,218	215	469	206	328	4,712
Total non-resident	497	1,700	1,240	154	561	151	374	5,564
Canada - swapped deposits ..	- 141	792	224	63	- 278	471	- 32	1,689
- other	229	460	- 137	- 62	- 95	21	- 1	1,504
Total Canada (a)	88	1,252	87	1	- 373	492	- 33	3,193
Totals	585	2,952	1,327	155	188	643	341	8,757
Net assets with residents of:								
United States	464	476	- 55	- 301	- 64	304	6	2,251
Other countries	- 56	44	162	68	- 113	- 124	331	- 130
Total non-resident	408	520	107	- 233	- 177	180	337	2,121
Canada	- 142	- 1,037	130	72	477	- 348	- 71	- 1,986
Totals (a)	266	- 517	237	- 161	300	- 168	266	135

Note: This statement shows the effect on Canada's balance of payments of foreign currency banking operations of the Canadian chartered banks. As described on page 14 of the report for the second quarter of 1965, the amounts identified as (a) are embodied within item D 17.1 (e.g. this item in 1970 led to a net outflow of \$324 million, reflecting an increase of \$87 million in residents' holdings of foreign currency deposits with Canadian chartered banks in Canada and an increase of \$237 million in the net foreign currency holdings of these institutions); the amount identified as (b) is embodied within items D 13 and D 17.5 (e.g. in 1970 as an aggregate inflow of \$217 million). These amounts in sum are equivalent to the \$107 million outflow representing the 1970 increase in the banks' net assets with all non-residents. The transactions figures are based on data published monthly in the Statistical Summary of the Bank of Canada, but have been adjusted so as to eliminate changes in value resulting from variations in exchange rates. It should also be noted that there is a discontinuity in the above series as gold assets and liabilities have been included with the foreign currency data up to the end of March 1968 and excluded thereafter.

Direct Investment

Transactions affecting direct investment in foreign - controlled Canadian enterprises resulted in a net capital inflow of \$290 million in the fourth quarter of 1970 and \$760 million in the year as a whole. The United States continued to be the major contributor of direct investment capital to Canada with net flows representing about 70 per cent of the total although the level was virtually unchanged from the previous year. A significant development during the year was the sharply increased flows from Continental Europe, more than double the amount recorded in the previous year and representing about one fifth of the current total. Most of the net inflow was channelled into new capital formation and normal working capital requirements, however, over 20 per cent of the net flows represented special transactions such as the takeover of existing Canadian enterprises or assets by non-residents and the refinancing of facilities acquired or built in an earlier period. Refinancing was particularly prominent in 1970 and represented over half the net inflow to the petroleum and natural gas industry.

A significant part of the net inflow was again directed to the manufacturing industry which alone received over 35 per cent of the total. Sharply increased inflows were recorded during the period to expand the pulp and paper making industry.

The increase in Canadian direct investment abroad resulting from transactions during 1970 amounted to \$215 million. This net capital outflow represented a reduction from the previous year when the net outflow reached \$255 million.

A reduced net outflow to the United States combined with a net inflow from the United Kingdom to more than offset increased flows to all other countries. Net outflows to the United States which represented over 60 per cent of the total included large transfers in the first quarter from a Canadian concern in the non-ferrous metals industry to its United States fabricating subsidiary to repay bank borrowings incurred in the construction of a cold-rolling mill in that country. Transactions with the United Kingdom resulted in a net capital inflow and were dominated by the disposal in August of a major direct investment by Canadian Breweries Limited. Net outflows to Continental Europe were directed mainly to the manufacturing industry while net flows to all other countries were more evenly divided between the industrial sectors of the economy.

Security Transactions

Portfolio transactions in 1970 gave rise to a net inflow of \$661 million down sharply from the \$1,832 million inflow of 1969. Sales of new Canadian issues abroad of \$1,269 million were the lowest since 1965 and the retirement of Canadian securities at \$474 million the highest since 1966. This reduced contributions from abroad in 1970 to Canada's net new supply of long-term portfolio capital to 18 per cent from 52 per cent in 1969. Trading in outstanding Canadian securities was responsible for net outflows of \$195 million, a change of \$250 million from the previous year's inflow. Transactions in foreign securities also contributed to the reduction with an inflow of \$61 million during 1970 compared to \$106 million in 1969. The large scale inflows of 1969 continued in the first and second quarters of 1970, but then changed abruptly to a net outflow in the third quarter. As the year progressed trading in outstanding foreign securities swung steadily from a net inflow of \$116 million in the first quarter to a net outflow of \$101 million in the fourth quarter.

New Issues of Canadian Bonds Sold to
United States Residents

Period	Offer- ings	De- liveries	Unde- livered(1)
millions of dollars			
1968	1,875	1,335	914
1969	1,145	1,288	771
1970	656	1,004	423
1969 I Q	394	373	935
II Q	272	272	935
III Q	246	394	787
IV Q	233	249	771
1970 I Q	361	420	712
II Q	26	134	604
III Q	189	281	512
IV Q	80	169	423

(1) At end of period.

Proceeds of \$1,269 million from new issues of Canadian securities sold to non-residents in 1970 were down sharply from the record inflow in 1969 of \$2,067 million. This reduction must be viewed, however, in the context of unusual strength in the Canadian balance of payments. Massive accumulations of international reserves in the first few months of 1970 led to the unpegging of the Canadian dollar at the end of May. To reduce the pressure on the exchange rate and the reserves and also to conform to understandings with the United States government concerning access to their capital markets, the Minister of Finance in the second quarter requested Canadian borrowers to seek funds first in Canada rather than abroad. A narrowing of interest rate differentials between Canada and other countries was an additional factor in lessening the inflow from abroad, particularly Europe.

After inflows of \$287 million and \$444 million in 1968 and 1969, new Canadian issues placed in Germany totalled only \$21 million in 1970.

Foreign currency issues in 1970 represented a smaller proportion of net proceeds from abroad of all new Canadian issues than in previous years. In the fourth quarter especially, non-resident purchases of essentially domestic issues denominated in Canadian currency reached a high level, as Canadian dollar issues appeared attractive to non-resident investors. In 1970, Canadian currency issues represented 9 per cent of total purchases by non-residents of new Canadian issues, compared with 5 per cent in 1969.

A significant factor in the increased outflow for the retirement of Canadian securities held by non-residents arose from the government's efforts to minimize the reserve accumulation. The large increase in retirements of Canadian securities during the second quarter represented mainly the redemption amounting to \$106 million of an Italian currency note issued by the federal government in 1968 to increase foreign currency reserves. A tranche of almost one third was retired at maturity in May and the remaining two tranches in June, well ahead of their maturity dates. The effect of retirements and net purchases from non-residents of direct and guaranteed issues of the Government of Canada was a sizeable reduction - some \$150 million - of foreign holdings of Government of Canada securities.

New issues in 1970 were significantly less than in 1969 for all classes of securities except corporate bonds, which at \$561 million were only down slightly from \$571 million in 1969. Corporate issues, however, were inflated by the refinancing of a large outstanding bank debt into a bond issue, resulting in an offsetting effect, and therefore no net movement of funds in the balance of payments. Without this large security issue aggregate corporate issues purchased by non-residents would also have been down sharply from the previous year.

New issues of foreign securities purchased by Canadians fell to \$25 million from \$43 million in 1969, as no major offerings by foreign borrowers were made in Canada during the year. Estimated retirements of foreign securities held by Canadians of \$9 million were also down from \$35 million in 1969.

Trading in outstanding securities during 1970 resulted in net purchases from non-residents of \$118 million, compared with net sales of \$169 million in 1969. The early part of the year was marked by the most protracted slide in stock prices experienced in recent years on North American exchanges. The decline in stock prices up to July was accompanied by consistent inflows from foreign security transactions and outflows from Canadian security transactions. As stock prices moved slowly upwards, however, Canadians became net purchasers of foreign securities, while the repurchase of Canadian securities, from abroad continued at a reduced rate.

Trading in Canadian securities resulted in net outflows of \$195 million - of which equity transactions accounted for \$155 million - compared with an inflow of \$55 million in the previous year. The outflow was, in part, associated with the bear market as conditions of selling pressure tend to shift non-resident held Canadian securities into Canadian portfolios.

The outflow from transactions in outstanding Canadian bonds and debentures, at \$40 million, was also substantial. Net purchases of Canadian bonds from the United States of \$68 million were offset somewhat by net sales to all other countries of \$28 million.

Transactions in outstanding foreign securities resulted in net inflows of \$77 million, compared with a net inflow of \$114 million in 1969. On a quarterly basis, however, net capital movements in 1970 moved steadily from a net inflow of \$116 million in the first quarter to an outflow of \$101 million in the fourth quarter. United States equities dominated international trading in foreign securities, accounting for some 89 per cent of gross trading in foreign securities, and resulting in net sales of \$87 million.

A more detailed review of international security movements in 1970 will be found in the December issue of "Sales and Purchases of Securities Between Canada and Other Countries" (DBS Catalogue No. 67-002) which also contains information relating to international transactions in Canadian short-term money market instruments.

Other Capital Flows in Long-Term Forms

Non-military assistance abroad by the Canadian government consists largely of payments of the regular assessments by the international organizations of which Canada is a member, official contributions, intergovernmental loans, subscriptions to the capital of investment agencies and the extension of export credits. Both assessments and contributions form a part of Canada's payments on current

account, while other transactions, to the extent that they give rise to claims on non-residents, are mainly reflected in capital movements in long-term forms.

Disbursements on intergovernmental loans extended by Canada in 1970 almost doubled to \$112 million from the previous year. Over 80 per cent of this outflow went to Commonwealth Asian countries. Disbursements are expected to continue to grow in succeeding years as drawings so far constitute only a small but growing part of aid commitments.

Subscriptions to the capital of international agencies in 1970 amounted to \$30 million. This amount, made up of payments to the International Development Association, the Asian Development Bank, and the Caribbean Regional Development Bank, was paid in the form of non-negotiable non-interest bearing Canadian dollar demand notes for the first two institutions. Changes in the obligations to IDA and ADB are reflected in item D14.2 of the capital account covering Government of Canada demand liabilities.

During the year Canada received higher repayments of \$36 million in principal on intergovernmental loans extended earlier. The increase of \$14 million over 1969 reflected receipts of about \$9 million and \$5 million from France and the Netherlands, respectively. These were the first principal repayments received from these countries since 1962 when prepayments covering the period up to 1969 were made to bolster Canada's foreign exchange reserves. Of the remainder \$20 million came from the United Kingdom while \$2 million was paid by Belgium. In addition to the repayments of principal, there were receipts of \$23 million during 1970 on account of interest. These receipts form part of the current account item comprising Canada's receipts of interest and dividends.

Receipts from the United States associated with the Columbia River Treaty amounted to \$31 million representing a further annual maturity of the medium-term non-marketable United States government securities acquired in connection with the Treaty arrangements. Holdings of these securities stood at US \$24 million at the end of 1970.

Export Credits(1) Extended Directly or Indirectly at Risk of the Government of Canada

Year and quarter	Wheat			Other commodities			Total
	Ad- vances	Repay- ments	Net	Ad- vances	Repay- ments	Net	
millions of dollars							
1968	- 145	+ 217	+ 72	- 88	+ 45	- 43	+ 29
1969	- 101	+ 119	+ 18	- 76	+ 49	- 27	- 9
1970	- 190	+ 136	- 54	- 137	+ 55	- 82	- 136
1969 I Q	- 25	+ 20	- 5	- 20	+ 12	- 8	- 13
II Q	- 39	+ 15	- 24	- 17	+ 11	- 6	- 30
III Q	- 18	+ 32	+ 14	- 22	+ 15	- 7	+ 7
IV Q	- 19	+ 52	+ 33	- 17	+ 11	- 6	+ 27
1970 I Q	- 32	+ 40	+ 8	- 17	+ 17	-	+ 8
II Q	- 45	+ 26	- 19	- 32	+ 14	- 18	- 37
III Q	- 70	+ 32	- 38	- 40	+ 11	- 29	- 67
IV Q	- 43	+ 38	- 5	- 48	+ 13	- 35	- 40

(1) Medium and long-term.

Transactions arising from the financing of medium and long-term export credits extended from Canada directly or indirectly at the risk of the Government of Canada resulted in a large net outflow of \$136 million. This contrasted with the net outflow in 1969 of only \$9 million and was attributable to a sharp increase in advances of export credits on wheat to Latin American and Middle Eastern countries. Large net advances to Latin America and to a lesser degree Yugoslavia occurred in commodities other than wheat. Although centrally planned economies other than Yugoslavia accounted for large credit advances for the purchase of wheat, repayments of earlier loans ran slightly higher.

The remaining capital movements in long-term forms, which include bank and other long-term loans, mortgage investments and movements of insurance funds, led to a net outflow of \$181 million compared to

a net inflow of \$69 million in 1969. The major part of the outflow was the result of changes in long-term liabilities of Canadian corporations to foreign banks, movements of insurance funds and Canadian dollar bank loans to non-residents which accounted for about \$80 million, \$45 million, and \$35 million, respectively.

Capital Movements in Short-term Forms

Capital movements in short-term forms (apart from changes in net official monetary assets) led to a net capital outflow of \$581 million, some \$860 million less than in 1969.

Canadian dollar deposits of non-residents rose by \$22 million over the year. Residents of the United Kingdom decreased their holdings by \$34 million but this was more than compensated for by increases of \$41 million and \$15 million in the holdings of residents of the United States and all other foreign countries, respectively. At the year-end, deposit liabilities to non-residents aggregated about \$770 million, of which some \$490 million were held by United States residents, \$65 million by United Kingdom residents, and \$215 million by residents of other foreign countries. Government of Canada demand liabilities in the form of interest-free demand notes issued to international investment agencies declined by \$11 million in 1970. The amount outstanding at the end of the year was approximately \$7 million.

Increased foreign participation in the Canadian money market took place mainly in the second and fourth quarters, when large inflows more than offset a substantial outflow which had occurred in the first quarter of the year. These movements came mainly from transactions with United States residents. The movements in the second quarter appear to have been motivated by a considerable premium on the forward Canadian dollar, while a narrowing of interest differentials in the fourth quarter (vis-à-vis the Euro-dollar market in particular) resulted in a significant return on hedged investment in Canadian instruments, and produced a massive inflow through investment in high quality paper. It is interesting to note that in the fourth quarter sales of finance company paper to non-residents fell from the second and third quarter levels while repurchases and maturities were at their peak for the year. This development was in line with the sharp reduction in the outstanding amount of these instruments following a major strike affecting the automobile industry and its financing requirements.

Transactions in finance company paper in 1970 resulted in net inflows of \$208 million, and accounted for more than 50 per cent of trading with non-residents in all classes of paper. After a net outflow of \$75 million in the first quarter, transactions in finance company paper resulted in substantial net inflows for the rest of the year. In the second quarter this class of paper appeared to be the most popular medium for arbitrage movements, resulting in net inflows of \$174 million, mainly from the United States. The rate of inflow was sharply reduced in the second half of the year, and net sales of finance company paper to countries other than the United States represented the major portion of the net capital inflow.

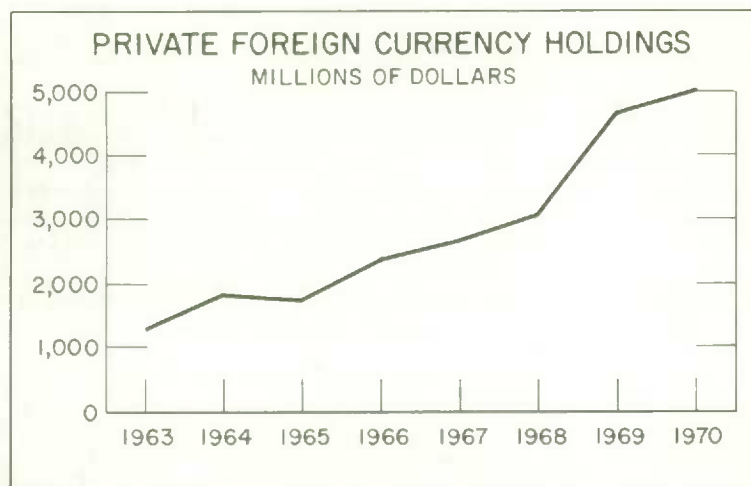
Gross trading in commercial paper increased more than three-fold from the 1969 level, and resulted in net inflows of \$52 million. The increase in gross trading was largely due to increased international transactions in bankers' acceptances as the total value of bankers' acceptances outstanding grew from \$174 million at the end of 1969 to \$395 million by the end of 1970. The high quality characteristics of this type of paper attracted a large amount of capital from the United States in the fourth quarter, as the covered yield differentials apparently diverted funds from the Euro-dollar market.

Transactions in other short-term paper, which includes notes of banks, mortgage loan companies, and junior levels of government were responsible for net inflows of \$49 million during 1970. The same sort of movement occurring in commercial paper in the fourth quarter also took place in this class of paper, leading to net inflows in the fourth quarter alone of \$61 million, and more than off-setting net outflows of \$12 million earlier in the year.

Non-residents reduced their holdings of Government of Canada treasury bills by some \$73 million. Outflows occurred in each quarter, as yields on Canadian treasury bills were lower than on the equivalent instruments abroad. Almost all portions of the outflow occurred in trading with residents of countries other than the United States, who redeemed \$69 million in Canadian treasury bills during the course of the year, mostly in the third quarter.

An increase by Canadian residents of their holdings of foreign currency bank balances and other short-term funds abroad produced a net capital outflow of \$376 million in 1970 compared to the build-up in 1969 of \$1,604 million. A rise of \$107 million in the Canadian chartered banks' foreign currency net asset position with non-residents was a principal factor in this movement.

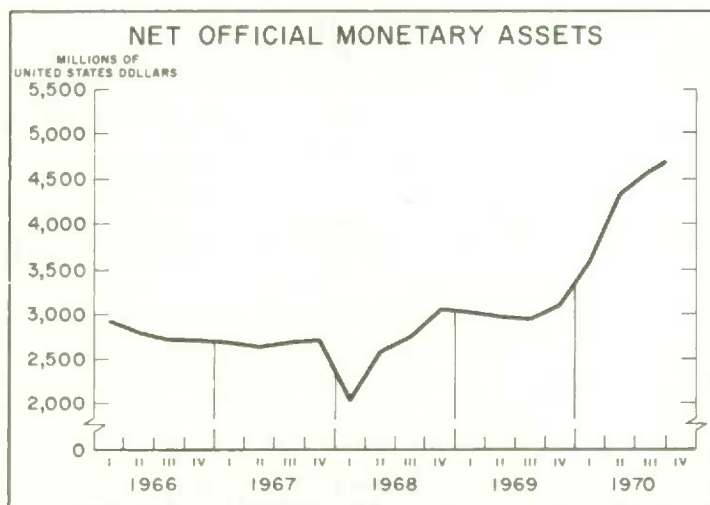
A significant increase in Canadian residents' holdings of foreign currency swapped deposits with the chartered banks during the year more than offset a reduction in their holdings of other foreign currency deposits.



There was a net decrease in non-resident claims on Canadian finance companies in the form of bank loans and inter-company accounts totalling \$79 million in 1970. All other transactions led to a net capital outflow of \$373 million, an increase of \$144 million from the 1969 disbursement figure. The identified items included in this account demonstrated widely divergent movements during the year. Recorded transactions related to intercompany accounts receivable showed significant outflows while there were, on balance, large inflows arising from increased bank loans. However, the largest component in 1970 comprised the balancing item representing the difference between the direct measurements of the current and capital accounts. This item amounted to a net payment balance of about \$400 million in the year.

Official International Monetary Assets and Liabilities

Canada's net official monetary assets totalled US \$4,679 million at December 31, 1970, an increase of US \$1,574 million over the year. The large increase in reserves of US \$978 million during the first five months of the year and the monetary problems associated with financing any further substantial accumulation led to the announcement by the Minister of Finance on May 31, 1970 that the Canadian authorities would no longer peg the Canadian dollar to within one per cent of its par value of 92 1/2 US cents. However, even with a floating exchange rate net reserves registered an additional US \$596 million increase over the remaining seven months. In part this was due to swaps and forward transactions as the Exchange Fund had acquired by May 31, 1970 US \$360 million for future delivery. These fell due in the remaining months of the year and resulted in an equivalent increase in reserves. In addition, the Exchange Fund undertook transactions for the purpose of moderating movements in the exchange rate also resulting in some net addition to the reserves.



Holdings in United States dollars increased by a record amount of US \$1,278 million over the year. The largest part of the increase amounting to US \$782 million occurred before the unpegging of the Canadian dollar in May.

Holdings of other convertible currencies increased by US \$2 million to a level of US \$14 million at the end of the year. There were, however, relatively large variations in holdings during the year with a peak in May equivalent to US \$17 million.

Canada's reserve position with the IMF totalled US \$670 million at the end of the year, an increase of US \$192 million over the year. As of December 29, 1970, Canada's IMF quota was increased by US \$360 million to US \$1,100 million. Twenty five per cent of this increase was paid in gold, leading to a reduction of US \$90 million in the gold holdings of the Exchange Fund Account, and to an equivalent increase in Canada's reserve position in the IMF. The remaining portion of

the quota increase was paid in Canadian currency. Apart from a growth of US \$90 million due to Canada's new IMF quota, Canada's IMF position rose largely due to drawings of US \$186 million in Canadian dollars

by IMF members as well as by the IMF to finance gold transactions. However the effects of these transactions were partially offset by other countries' repayments in Canadian dollars and the purchase of gold and Special Drawing Rights by Canada in the first and third quarters, respectively. In the first quarter of the year Canada had augmented the Fund's Canadian dollar resources by making a loan to that institution under the General Arrangements to Borrow equivalent to US \$24.5 million.

Holdings of gold decreased by US \$81 million over the year to US \$791 million. In addition to the transaction involving Canada's IMF quota increase, a sale of Canadian dollars was made to the IMF for the equivalent of US \$8.8 million in gold during the first quarter of the year.

Canada's holdings of Special Drawing Rights amounted to the equivalent of US \$182 million at the end of the year. Included in this total is an amount of US \$124 million, representing Canada's share of the US \$3.5 billion of SDR's which the IMF allocated to participating member countries on January 1, 1970. A further US \$36.4 million of SDR's was purchased from the IMF in the third quarter of the year. Various other sales to member countries accounted for the remainder with the exception of US \$2 million which came to Canada as an earning on its net IMF position.

Canada's official monetary liabilities dropped from a level of almost US \$1 million to a negligible amount during the year.

The total of the above transactions led to an overall increase in Canada's net official monetary assets during the year expressed in Canadian dollars of \$1,663 million.

The freeing of the Canadian dollar from a fixed value in terms of other currencies followed more than six months of strong upward pressure in the foreign exchange market. Spot Canadian dollars had been on or near the effective ceiling of about 107.25 Canadian cents for one United States dollar since last December. Since it was freed at the end of May, the spot value of the Canadian dollar on the foreign exchange markets has shown marked appreciation. The spot value of the United States dollar on the Canadian exchange market closed the year at 101.13 Canadian cents. During the year the Canadian dollar traded in a relatively wide band between 100.94 and 107.47 cents for US \$1.00. After the large initial appreciation in June, the spot value of the Canadian dollar increased to a lesser extent in the remaining two quarters.

The forward Canadian dollar for delivery in 90 days went to a premium in April of 1970. The premium reached a peak of about 1.40 per cent (rate per annum) in June after the unpegging of the dollar and then fell, as the spot rate rose, to reach a negligible discount in the last week of December.

United States Dollar in Canada(1)

Other Currencies in Canada(2)

Period	High	Low	Close	Noon average	Pound sterling	French franc	Deutsche- mark	Swiss franc	Japanese yen
Canadian cents					Canadian cents				
1968	109.00	107.25	107.28	107.75	257.94	21.76	26.99	24.96	.2989
1969	108.25	107.25	107.28	107.68	257.39	20.78	27.46	24.97	.3005
1970	107.47	100.31	101.13	104.40	250.16	18.89	28.63	24.22	.2916
1969 I Q	107.84	107.25	107.66	107.46	256.83	21.69	26.77	24.91	.3003
II Q	108.16	107.50	108.09	107.76	257.53	21.69	26.94	24.94	.3007
III Q	108.25	107.66	107.91	107.90	257.54	20.39	27.09	25.07	.3005
IV Q	108.06	107.28	107.28	107.60	257.65	19.30	29.05	24.94	.3007
1970 I Q	107.38	107.25	107.25	107.28	257.86	19.34	29.13	24.91	.3000
II Q	107.47	102.56	103.44	106.10	254.92	19.21	29.13	24.63	.2960
III Q	103.59	100.31	101.84	102.32	244.35	18.53	28.17	23.77	.2854
IV Q	102.53	100.94	101.13	101.96	243.63	18.47	28.05	23.60	.2851
October	102.53	101.84	102.00	102.14	243.85	18.49	28.12	23.59	.2855
November	102.19	101.75	101.91	102.00	243.84	18.49	28.10	23.62	.2852
December	102.19	100.94	101.13	101.74	243.23	18.43	27.92	23.59	.2845

(1) Spot rates prevailing on the interbank market in Canada.

(2) Average spot rates based on nominal quotations in terms of United States dollars, converted into Canadian dollars at noon Ottawa time.

STATISTICS OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

TABLES

TABLE 1. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS(1)

Current Account

Line No.	Acct. No.	Item	1968				1969	
			I	II	III	IV	I	II
			millions of dollars					
	A	<u>Current receipts</u>						
1	1	Merchandise exports (adjusted)(2)	3,017	3,532	3,321	3,667	3,467	3,809
		Service receipts						
2	3	Gold production available for export	33	27	32	28	31	28
3	4	Travel	81	230	539	128	86	250
4	5	Interest and dividends	67	82	82	122	88	112
5	6	Freight and shipping	191	226	236	238	203	241
6	(part)11	Other service receipts	208	213	210	209	291	307
7		Total service receipts	580	778	1,099	725	699	938
8		Sub-totals, exports of goods and services	3,597	4,310	4,420	4,392	4,166	4,747
		Transfer receipts						
9	7	Inheritances and immigrants' funds	55	99	131	85	62	100
10	(part)11	Personal and institutional remittances(3)	23	24	24	24	22	23
11	12	Total current receipts	3,675	4,433	4,575	4,501	4,250	4,870
	B	<u>Current payments</u>						
12	1	Merchandise imports (adjusted)(2)	2,754	3,140	2,859	3,409	3,230	3,718
		Service payments						
13	4	Travel	216	246	375	171	268	341
14	5	Interest and dividends	280	304	288	387	298	318
15	6	Freight and shipping	194	240	244	253	207	267
16	(part)11	Other service payments	358	359	354	370	410	416
17		Total service payments	1,048	1,149	1,261	1,181	1,183	1,342
18		Sub-totals, imports of goods and services	3,802	4,289	4,120	4,590	4,413	5,060
		Transfer payments						
19	7	Inheritances and emigrants' funds	48	53	56	52	40	44
20	(part)11	Personal and institutional remittances(3)	38	36	36	38	45	42
21	9	Official contributions	14	40	50	29	16	49
22	12	Total current payments	3,902	4,418	4,262	4,709	4,514	5,195
	C	<u>Current account balance</u>						
23	1	Merchandise trade	+ 263	+ 392	+ 462	+ 258	+ 237	+ 91
		Service transactions						
24		Gold production available for export	+ 33	+ 27	+ 32	+ 28	+ 31	+ 28
25		Travel	- 135	- 16	+ 164	- 43	- 182	- 91
26		Interest and dividends	- 213	- 222	- 206	- 265	- 210	- 206
27		Freight and shipping	- 3	- 14	- 8	- 15	- 4	- 26
28		Other service transactions	- 150	- 146	- 144	- 161	- 119	- 109
29		Balance on service transactions	- 468	- 371	- 162	- 456	- 484	- 404
30		Balance on goods and services	- 205	+ 21	+ 300	- 198	- 247	- 313
31		Net transfers	- 22	- 6	+ 13	- 10	- 17	- 12
32	4	Total current account balance	- 227	+ 15	+ 313	- 208	- 264	- 325

(1) Data for 1968 are mostly final, those for 1969 and 1970 are preliminary.

(2) Trade of Canada figures with certain valuation and timing adjustments appropriate for balance of payments - see Table 6.

TABLE 1. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS(1)

Current Account

1969		1970				1968	1969	1970	Acct. No.	Line No.
III	IV	I	II	III	IV					
millions of dollars										
									A	
3,545	4,053	3,936	4,525	4,048	4,332	13,537	14,874	16,841	1	1
27	22	25	26	22	22	120	108	95	3	2
581	157	107	292	641	179	978	1,074	1,219	4	3
85	129	112	121	123	157	353	414	513	5	4
235	257	234	270	274	270	891	936	1,048	6	5
308	329	337	349	352	339	840	1,235	1,377	(part)11	6
1,236	894	815	1,058	1,412	967	3,182	3,767	4,252		7
4,781	4,947	4,751	5,583	5,460	5,299	16,719	18,641	21,093		8
109	92	72	101	122	93	370	363	388	7	9
23	23	24	24	25	26	95	91	99	(part)11	10
4,913	5,062	4,847	5,708	5,607	5,418	17,184	19,095	21,580	12	11
									B	
3,312	3,754	3,305	3,875	3,317	3,342	12,162	14,014	13,839	1	12
476	207	299	373	552	230	1,008	1,292	1,454	4	13
294	435	388	352	353	431	1,259	1,345	1,524	5	14
251	266	225	262	265	260	931	991	1,012	6	15
424	444	456	455	458	489	1,441	1,694	1,858	(part)11	16
1,445	1,352	1,368	1,442	1,628	1,410	4,639	5,322	5,848		17
4,757	5,106	4,673	5,317	4,945	4,752	16,801	19,336	19,687		18
58	52	42	49	62	58	209	194	211	7	19
42	43	46	48	43	47	148	172	184	(part)11	20
46	33	31	42	79	49	133	144	201	9	21
4,903	5,234	4,792	5,456	5,129	4,906	17,291	19,846	20,283	12	22
									C	
+ 233	+ 299	+ 631	+ 650	+ 731	+ 990	+ 1,375	+ 860	+ 3,002	1	23
+ 27	+ 22	+ 25	+ 26	+ 22	+ 22	+ 120	+ 108	+ 95		24
+ 105	- 50	- 192	- 81	+ 89	- 51	- 30	- 218	- 235		25
- 209	- 306	- 276	- 231	- 230	- 274	- 906	- 931	- 1,011		26
- 16	- 9	+ 9	+ 8	+ 9	+ 10	- 40	- 55	+ 36		27
- 116	- 115	- 119	- 106	- 106	- 150	- 601	- 459	- 481		28
- 209	- 458	- 553	- 384	- 216	- 443	- 1,457	- 1,555	- 1,596		29
+ 24	- 159	+ 78	+ 266	+ 515	+ 547	- 82	- 695	+ 1,406		30
- 14	- 13	- 23	- 14	- 37	- 35	- 25	- 56	- 109		31
+ 10	- 172	+ 55	+ 252	+ 478	+ 512	- 107	- 751	+ 1,297	4	32

(1) Personal and institutional remittances include pension payments. Prior to 1 Quarter 1970 publications, the total of this line was included in "all other current" transactions.

TABLE 1. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS(1) - Concluded

Capital Account(4)

Line No.	Acct. No.	Item	1968				1969	
			I	II	III	IV	I	II
			millions of dollars					
	D							
33	1	Direct investment(5)						
		In Canada	+ 53	+ 225	+ 137	+ 175	+ 156	+ 233
34	2	Abroad	- 88	- 6	- 20	- 111	- 52	- 103
		Portfolio transactions						
		Canadian securities						
35	3.1	Outstanding bonds	- 53	- 11	- 13	+ 7	+ 17	- 6
36	3.2	Outstanding stocks	+ 16	+ 34	+ 10	+ 54	+ 37	+ 44
37	4	New issues	+ 403	+ 708	+ 440	+ 366	+ 616	+ 516
38	5	Retirements	- 139	- 135	- 39	- 118	- 84	- 124
		Foreign securities						
39	6	Outstanding issues	- 72	- 125	- 118	- 105	- 50	- 6
40	7	New issues	- 23	- 10	- 15	- 29	- 11	- 21
41	8	Retirements	+ 10	+ 9	+ 3	+ 8	+ 11	+ 19
		Loans and subscriptions - Government of Canada						
42	9	Advances	- 10	- 8	- 16	- 44	- 11	- 43
43	10	Repayments	+ 2	+ 2	+ 1	-	-	+ 2
44	11	Columbia River Treaty	-	-	-	+ 88	-	-
45	12	Export credits directly or indirectly at risk of the Government of Canada	+ 45	+ 8	- 9	- 15	- 13	- 30
46	13	Other long-term capital transactions	+ 21	+ 58	+ 12	+ 91	- 56	+ 51
47	E 1	Balance of capital movements in long-term forms (lines 33-46)	+ 165	+ 749	+ 373	+ 367	+ 560	+ 532
48	D 17.1	Resident holdings of foreign bank balances and other short-term funds abroad	- 99	+ 10	- 170	- 142	- 156	- 568
		Non-resident holdings of Canadian:						
49	14.1	Dollar deposits	+ 8	+ 4	+ 4	+ 54	- 11	+ 25
50	14.2	Government demand liabilities	- 4	- 3	+ 1	+ 27	- 2	- 30
51	14.3	Treasury bills	+ 23	+ 1	+ 11	+ 13	+ 13	- 10
52	17.2a	Commercial paper	-	-	+ 2	- 1	- 1	+ 23
53	17.3	Finance company paper	- 60	- 35	- 37	-	+ 159	+ 71
54	17.2b	Other short-term paper	+ 7	- 17	- 1	+ 9	- 2	- 21
55	17.4	Other finance company obligations	- 6	- 7	- 2	+ 34	+ 23	+ 28
56	17.5	Other short-term capital transactions(6)	- 571	- 97	- 332	+ 178	- 357	+ 221
57	E 2	Balance of capital movements in short-term forms (lines 48-56)	- 702	- 144	- 524	+ 172	- 334	- 261
58	E 3	Total net capital balance	- 537	+ 605	- 151	+ 539	+ 226	+ 271
59		Allocation of Special Drawing Rights .....	...	...	...	...	...	...
	H	Net official monetary movements(7):						
60	4	Official international reserves	- 495	+ 486	+ 28	+ 331	- 38	- 54
61	5	Official monetary liabilities	- 269	+ 134	+ 134	-	-	-
62	6	Net official monetary assets	- 764	+ 620	+ 162	+ 331	- 38	- 54

(4) A minus sign in Accounts D and E indicates an outflow of capital from Canada and represents an increase in holdings of assets abroad or a reduction in liabilities to non-residents.

(5) Exclusive of undistributed profits.

TABLE 1. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS(1) - Concluded

Capital Account(4)

1969		1970				1968	1969	1970	Acct. No.	Line No.
III	IV	I	II	III	IV					
millions of dollars										
									D	
+ 79	+ 187	+ 200	+ 155	+ 115	+ 290	+ 590	- 655	+ 760	1	33
- 25	- 75	- 150	- 20	+ 15	- 60	- 225	- 255	- 215	2	34
- 12	+ 3	+ 4	- 26	- 17	- 1	- 70	+ 2	- 40	3.1	35
- 4	- 24	- 4	- 83	- 37	- 31	+ 114	+ 53	- 155	3.2	36
+ 565	+ 370	+ 535	+ 208	+ 304	+ 222	+ 1,917	+ 2,067	+ 1,269	4	37
- 53	- 135	- 87	- 239	- 49	- 99	- 431	- 396	- 474	5	38
+ 65	+ 105	+ 116	+ 82	- 20	- 101	- 420	+ 114	+ 77	6	39
- 5	- 6	- 5	- 5	- 10	- 5	- 77	- 43	- 25	7	40
+ 2	+ 3	+ 2	+ 2	+ 2	+ 3	+ 30	+ 35	+ 9	8	41
- 15	- 20	- 25	- 59	- 35	- 23	- 78	- 89	- 142	9	42
-	+ 20	-	+ 7	-	+ 29	+ 5	+ 22	+ 36	10	43
-	+ 32	-	-	-	+ 31	+ 88	+ 32	+ 31	11	44
+ 7	+ 27	+ 8	- 37	- 67	- 40	+ 29	- 9	- 136	12	45
- 5	+ 82	+ 50	- 29	- 52	- 150	+ 182	+ 69	- 181	13	46
+ 596	+ 569	+ 644	- 44	+ 149	+ 65	+ 1,654	+ 2,257	+ 814	E 1	47
- 621	- 259	+ 206	- 5	- 470	- 107	- 401	- 1,604	- 376	D 17.1	48
- 4	+ 50	+ 31	+ 36	+ 5	- 50	+ 70	+ 60	+ 22	14.1	49
+ 1	- 3	- 2	+ 27	+ 1	- 37	+ 21	- 34	- 11	14.2	50
+ 13	+ 19	- 9	- 6	- 44	- 14	+ 48	+ 35	- 73	14.3	51
- 15	+ 35	+ 7	- 7	- 20	+ 72	+ 1	+ 42	+ 52	17.2a	52
- 71	+ 17	- 75	+ 174	+ 75	+ 34	- 132	+ 176	+ 208	17.3	53
- 5	+ 25	- 1	- 29	+ 18	+ 61	- 2	- 3	+ 49	17.2b	54
+ 3	+ 62	- 52	+ 74	- 40	- 61	+ 19	+ 116	- 79	17.4	55
+ 88	- 181	- 410	+ 309	+ 74	- 346	- 822	- 229	- 373	17.5	56
- 611	- 235	- 305	+ 573	- 401	- 448	- 1,198	- 1,441	- 581	E 2	57
- 15	+ 334	+ 339	+ 529	- 252	- 383	+ 456	+ 816	+ 233	E 3	58
...	...	+ 133	-	-	-	...	...	+ 133		59
									H	
- 5	+ 162	+ 527	+ 781	+ 225	+ 129	+ 350	+ 65	+ 1,662	4	60
-	-	-	-	+ 1	-	- 1	-	+ 1	5	61
- 5	+ 162	+ 527	+ 781	+ 226	+ 129	+ 349	+ 65	+ 1,663	6	62

(6) Includes balancing item representing difference between direct measures of current and capital accounts and embodies errors and omissions from both accounts.

(7) For detailed composition of official monetary assets see Table 4.

... Not applicable.

TABLE 2. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

Current Account - Seasonally Adjusted

Line No.	Acct. No.	Item	1968			
			I	II	III	IV
			millions of dollars			
	A	<u>Current receipts</u>				
1	1	Merchandise exports (adjusted)(1)	3,240	3,348	3,389	3,560
		Service receipts				
2	3	Gold production available for export	32	27	31	30
3	4	Travel	242	252	246	238
4	5	Interest and dividends	72	86	100	95
5	6	Freight and shipping	217	221	225	228
6	(part)11	Other service receipts	205	209	211	215
7		Total service receipts.....	768	795	813	806
8		Sub-totals, exports of goods and services	4,008	4,143	4,202	4,366
		Transfer receipts				
9	7	Inheritances and immigrants' funds	78	91	108	93
10	(part)11	Personal and institutional remittances(2)	23	24	24	24
11	12	Total current receipts	4,109	4,258	4,334	4,483
	B	<u>Current payments</u>				
12	1	Merchandise imports (adjusted)(1)	2,965	2,912	3,008	3,277
		Service payments				
13	4	Travel	246	231	269	262
14	5	Interest and dividends	304	322	325	308
15	6	Freight and shipping	227	230	231	243
16	(part)11	Other service payments	354	353	356	378
17		Total service payments	1,131	1,136	1,181	1,191
18		Sub-totals, imports of goods and services	4,096	4,048	4,189	4,468
		Transfer payments				
19	7	Inheritances and emigrants' funds	57	56	47	49
20	(part)11	Personal and institutional remittances(2)	36	35	37	40
21	9	Official contributions	25	30	41	37
22	12	Total current payments	4,214	4,169	4,314	4,594
	C	<u>Current account balance</u>				
23	1	Merchandise trade	+ 275	+ 436	+ 381	+ 283
		Service transactions				
24		Gold production available for export	+ 32	+ 27	+ 31	+ 30
25		Travel	- 4	+ 21	- 23	- 24
26		Interest and dividends	- 232	- 236	- 225	- 213
27		Freight and shipping	- 10	- 9	- 6	- 15
28		Other service transactions	- 149	- 144	- 145	- 163
29		Total service transactions	- 363	- 341	- 368	- 385
30		Balance on goods and services	- 88	+ 95	+ 13	- 102
31		Net transfers	- 17	- 6	+ 7	- 9
32	4	Total current account balance	- 105	+ 89	+ 20	- 111

(1) Trade of Canada figures with certain valuation and timing adjustments appropriate for balance of payments.

TABLE 2. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

Current Account - Seasonally Adjusted

1969				1970				Acct. No.	Line No.
I	II	III	IV	I	II	III	IV		
millions of dollars									
								A	
3,718	3,614	3,637	3,905	4,261	4,250	4,151	4,179	1	1
30	28	27	23	24	26	22	23	3	2
255	268	263	288	306	302	291	320	4	3
97	115	103	99	121	126	142	124	5	4
230	235	225	246	264	264	262	258	6	5
283	298	312	342	326	339	358	354	(part) 11	6
895	944	930	998	1,041	1,057	1,075	1,079		7
4,613	4,558	4,567	4,903	5,302	5,307	5,226	5,258		8
88	90	86	99	101	92	96	99	7	9
22	23	23	23	24	24	25	26	(part) 11	10
4,723	4,671	4,676	5,025	5,427	5,423	5,347	5,383	12	11
								B	
3,448	3,450	3,503	3,613	3,559	3,586	3,506	3,188	1	12
304	323	343	322	339	360	386	369	4	13
325	335	333	352	414	365	391	354	5	14
241	256	239	255	260	251	253	248	6	15
399	413	432	450	441	453	469	495	(part) 11	16
1,269	1,327	1,347	1,379	1,454	1,429	1,499	1,466		17
4,717	4,777	4,850	4,992	5,013	5,015	5,005	4,654		18
48	48	49	49	51	53	53	54	7	19
43	41	43	45	44	47	45	48	(part) 11	20
29	37	38	40	43	34	68	56	9	21
4,837	4,903	4,980	5,126	5,151	5,149	5,171	4,812	12	22
								C	
+ 270	+ 164	+ 134	+ 292	+ 702	+ 664	+ 645	+ 991	1	23
+ 30	+ 28	+ 27	+ 23	+ 24	+ 26	+ 22	+ 23		24
- 49	- 55	- 80	- 34	- 33	- 58	- 95	- 49		25
- 228	- 220	- 230	- 253	- 293	- 239	- 249	- 230		26
- 11	- 21	- 14	- 9	+ 4	+ 13	+ 9	+ 10		27
- 116	- 115	- 120	- 108	- 115	- 114	- 111	- 141		28
- 374	- 383	- 417	- 381	- 413	- 372	- 424	- 387		29
- 104	- 219	- 283	- 89	+ 289	+ 292	+ 221	+ 604		30
- 10	- 13	- 21	- 12	- 13	- 18	- 45	- 33		31
- 114	- 232	- 304	- 101	+ 276	+ 274	+ 176	+ 571	4	32

(2) Personal and institutional remittances include pension payments. Prior to I Quarter 1970 publications, the total of this line was included in "all other current" transactions.

TABLE 3. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

By Area

No.	Item	1968				1969	
		I	II	III	IV	I	II
		millions of dollars					
	<u>United States</u>						
1	Merchandise exports (adjusted)	2,053	2,352	2,179	2,532	2,459	2,666
2	Non-merchandise receipts(1,4)	378	573	891	511	457	658
3	Total current receipts	2,431	2,925	3,070	3,043	2,916	3,324
4	Merchandise imports (adjusted)	2,076	2,307	2,019	2,465	2,454	2,677
5	Non-merchandise payments(1)	803	894	932	894	880	989
6	Total current payments	2,879	3,201	2,951	3,359	3,334	3,666
	Balance						
7	Merchandise trade	- 23	+ 45	+ 160	+ 67	+ 5	- 11
8	Non-merchandise trade	- 425	- 321	- 41	- 383	- 423	- 331
9	Current account balance	- 448	- 276	+ 119	- 316	- 418	- 342
	Capital movements(2)						
10	In long-term forms	+ 127	+ 385	+ 281	+ 341	+ 376	+ 357
11	In short-term forms	- 548	- 239	- 713	+ 230	- 160	+ 277
12	Total net capital balance	- 421	+ 146	- 432	+ 571	+ 216	+ 634
	<u>United Kingdom</u>						
13	Merchandise exports (adjusted)	295	319	323	303	289	290
14	Non-merchandise receipts(1)	86	99	102	93	112	133
15	Total current receipts	381	418	425	396	401	423
16	Merchandise imports (adjusted)	160	180	161	181	172	231
17	Non-merchandise payments(1)	97	108	149	118	105	136
18	Total current payments	257	288	310	299	277	367
	Balance						
19	Merchandise trade	+ 135	+ 139	+ 162	+ 122	+ 117	+ 59
20	Non-merchandise trade	- 11	- 9	- 47	- 25	+ 7	- 3
21	Current account balance	+ 124	+ 130	+ 115	+ 97	+ 124	+ 56
	Capital movements(2)						
22	In long-term forms	+ 7	+ 47	- 24	+ 37	+ 10	+ 11
23	In short-term forms	- 178	- 88	- 26	- 125	- 348	- 654
24	Total net capital balance	- 171	- 41	- 50	- 88	- 338	- 643
	<u>Rest of the Sterling Area</u>						
25	Merchandise exports (adjusted)	134	167	165	149	142	155
26	Non-merchandise receipts(1)	45	58	70	62	51	72
27	Total current receipts	179	225	235	211	193	227
28	Merchandise imports (adjusted)	77	110	130	140	95	151
29	Non-merchandise payments(1)	39	61	55	47	53	76
30	Total current payments	116	171	185	187	148	227
	Balance						
31	Merchandise trade	+ 57	+ 57	+ 35	+ 9	+ 47	+ 4
32	Non-merchandise trade	+ 6	- 3	+ 15	+ 15	- 2	- 4
33	Current account balance	+ 63	+ 54	+ 50	+ 24	+ 45	-

See footnotes at the end of table.

TABLE 3. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

By Area

1969		1970				1968	1969	1970	No.
III	IV	I	II	III	IV				
millions of dollars									
2,436	2,938	2,639	2,981	2,529	2,804	9,116	10,499	10,953	1
946	604	510	715	1,066	634	2,353	2,665	2,925	2
3,382	3,542	3,149	3,696	3,595	3,438	11,469	13,164	13,878	3
2,290	2,711	2,464	2,799	2,284	2,264	8,867	10,132	9,811	4
1,018	986	979	1,023	1,101	1,026	3,523	3,873	4,129	5
3,308	3,697	3,443	3,822	3,385	3,290	12,390	14,005	13,940	6
+ 146	+ 227	+ 175	+ 182	+ 245	+ 540	+ 249	+ 367	+ 1,142	7
- 72	- 382	- 469	- 308	- 35	- 392	- 1,170	- 1,208	- 1,204	8
+ 74	- 155	- 294	- 126	+ 210	+ 148	- 921	- 841	- 62	9
+ 467	+ 432	+ 563	+ 104	+ 212	+ 79	+ 1,134	+ 1,632	+ 958	10
- 498	- 159	- 151	+ 436	- 399	- 129	- 1,270	- 540	- 243	11
- 31	+ 273	+ 412	+ 540	- 187	- 50	- 136	+ 1,092	+ 715	12
272	269	335	415	368	386	1,240	1,120	1,504	13
140	148	139	155	163	170	380	533	627	14
412	417	474	570	531	556	1,620	1,653	2,131	15
203	180	168	201	181	182	682	786	732	16
174	129	128	160	210	137	472	544	635	17
377	309	296	361	391	319	1,154	1,330	1,367	18
+ 69	+ 89	+ 167	+ 214	+ 187	+ 204	+ 558	+ 334	+ 772	19
- 34	+ 19	+ 11	- 5	- 47	+ 33	- 92	- 11	- 8	20
+ 35	+ 108	+ 178	+ 209	+ 140	+ 237	+ 466	+ 323	+ 764	21
- 24	+ 59	+ 65	+ 55	+ 36	- 7	+ 67	+ 56	+ 149	22
- 275	- 76	- 55	- 79	+ 251	- 362	- 417	- 1,353	- 245	23
- 299	- 17	+ 10	- 24	+ 287	- 369	- 350	- 1,297	- 96	24
165	156	181	186	215	203	615	618	785	25
79	71	59	67	79	68	235	273	273	26
244	227	240	253	294	271	850	891	1,058	27
168	173	108	189	159	173	457	587	629	28
62	58	67	68	93	74	202	249	302	29
230	231	175	257	252	247	659	836	931	30
- 3	- 17	+ 73	- 3	+ 56	+ 30	+ 158	+ 31	+ 156	31
+ 17	+ 13	- 8	- 1	- 14	- 6	+ 33	+ 24	- 29	32
+ 14	- 4	+ 65	- 4	+ 42	+ 24	+ 191	+ 55	+ 127	33

TABLE 3. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS - Concluded

By Area

No.	Item	1968				1969	
		I	II	III	IV	I	II
		millions of dollars					
	<u>Other OECD (Europe)(3)</u>						
34	Merchandise exports (adjusted)	203	269	283	296	263	311
35	Non-merchandise receipts(1)	57	77	74	66	64	87
36	Total current receipts	260	346	357	362	327	402
37	Merchandise imports (adjusted)	181	240	235	285	214	311
38	Non-merchandise payments(1)	140	142	181	158	152	176
39	Total current payments	321	382	416	443	366	487
	Balance						
40	Merchandise trade	+ 22	+ 29	+ 48	+ 11	+ 49	+ 4
41	Non-merchandise trade	- 83	- 65	- 107	- 92	- 88	- 89
42	Current account balance	- 61	- 36	- 59	- 81	- 39	- 85
	<u>Other Countries</u>						
43	Merchandise exports (adjusted)	332	425	371	387	314	383
44	Non-merchandise receipts(1)	59	67	85	74	68	83
45	Total current receipts	391	492	456	461	382	466
46	Merchandise imports (adjusted)	260	303	314	338	295	348
47	Non-merchandise payments(1)	69	73	86	83	94	100
48	Total current payments	329	376	400	421	389	448
	Balance						
49	Merchandise trade	+ 72	+ 122	+ 57	+ 49	+ 19	+ 35
50	Non-merchandise trade	- 10	- 6	- 1	- 9	- 26	- 17
51	Current account balance	+ 62	+ 116	+ 56	+ 40	- 7	+ 18
	<u>All Countries</u>						
52	Merchandise exports (adjusted)	3,017	3,532	3,321	3,667	3,467	3,809
53	Non-merchandise receipts(1, 4)	658	901	1,254	834	783	1,061
54	Total current receipts	3,675	4,433	4,575	4,501	4,250	4,870
55	Merchandise imports (adjusted)	2,754	3,140	2,859	3,409	3,230	3,718
56	Non-merchandise payments(1)	1,148	1,278	1,403	1,300	1,284	1,477
57	Total current payments	3,902	4,418	4,262	4,709	4,514	5,195
	Balance						
58	Merchandise trade	+ 263	+ 392	+ 462	+ 258	+ 237	+ 91
59	Non-merchandise trade	- 490	- 377	- 149	- 466	- 501	- 416
60	Current account balance	- 227	+ 15	+ 313	- 208	- 264	- 325
	Capital movements						
61	In long-term forms	+ 165	+ 749	+ 373	+ 367	+ 560	+ 532
62	In short-term forms	- 702	- 144	- 524	+ 172	- 334	- 261
63	Total net capital balance	- 537	+ 605	- 151	+ 539	+ 226	+ 271
64	Allocation of Special Drawing Rights .....	...	...	...	...	...	...
65	Net official monetary movements	- 764	+ 620	+ 162	+ 331	- 38	- 54

(1) Including transfer receipts/payments.

(2) Capital movements by area on a quarterly basis are available at this time only for Canada's transactions with the United States and the United Kingdom.

TABLE 3. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS - Concluded

By Area

1969		1970				1968	1969	1970	No.
111	1v	1	11	111	1v				
millions of dollars									
305	320	351	419	388	458	1,051	1,203	1,616	34
90	79	92	106	112	92	274	320	402	35
395	399	443	525	500	550	1,325	1,523	2,018	36
283	314	238	317	311	330	941	1,122	1,196	37
217	197	189	207	259	196	621	742	851	38
500	511	427	524	570	526	1,562	1,864	2,047	39
+ 22	+ 6	+ 113	+ 102	+ 77	+ 128	+ 110	+ 81	+ 420	40
- 127	- 118	- 97	- 101	- 147	- 104	- 347	- 422	- 449	41
- 105	- 112	+ 16	+ 1	- 70	+ 24	- 237	- 341	- 29	42
367	370	430	524	548	481	1,515	1,434	1,983	43
86	85	86	114	117	100	285	322	417	44
453	455	516	638	665	581	1,800	1,756	2,400	45
368	376	327	369	382	393	1,215	1,387	1,471	46
120	110	124	123	149	131	311	424	527	47
488	486	451	492	531	524	1,526	1,811	1,998	48
- 1	- 6	+ 103	+ 155	+ 166	+ 88	+ 300	+ 47	+ 512	49
- 34	- 25	- 38	- 9	- 32	- 31	- 26	- 102	- 110	50
- 35	- 31	+ 65	+ 146	+ 134	+ 57	+ 274	- 55	+ 402	51
3,545	4,053	3,936	4,525	4,048	4,332	13,537	14,874	16,841	52
1,368	1,009	911	1,183	1,559	1,086	3,647	4,221	4,739	53
4,913	5,062	4,847	5,708	5,607	5,418	17,184	19,095	21,580	54
3,312	3,754	3,305	3,875	3,317	3,342	12,162	14,014	13,839	55
1,591	1,480	1,487	1,581	1,812	1,564	5,129	5,832	6,444	56
4,903	5,234	4,792	5,456	5,129	4,906	17,291	19,846	20,283	57
+ 233	+ 299	+ 631	+ 650	+ 731	+ 990	+ 1,375	+ 860	+ 3,002	58
- 223	- 471	- 576	- 398	- 253	- 478	- 1,482	- 1,611	- 1,705	59
+ 10	- 172	+ 55	+ 252	+ 478	+ 512	- 107	- 751	+ 1,297	60
+ 596	+ 569	+ 644	- 44	+ 149	+ 65	+ 1,654	+ 2,257	+ 814	61
- 611	- 235	- 305	+ 573	- 401	- 448	- 1,198	- 1,441	- 581	62
- 15	+ 334	+ 339	+ 529	- 252	- 383	+ 456	+ 816	+ 233	63
...	...	+ 133	-	-	-	...	...	+ 133	64
- 5	+ 162	+ 527	+ 781	+ 226	+ 129	+ 349	+ 65	+ 1,663	65

(3) Includes Austria, Belgium and Luxembourg, Denmark, Federal Republic of Germany, France, Greece, Greenland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and Turkey. Finland included as of January 1970.

(4) Gold production available for export has not been allocated on a bilateral basis but is included in the total for all countries.

... Not applicable.

TABLE 4. CANADA'S OFFICIAL INTERNATIONAL MONETARY ASSETS AND LIABILITIES

No.	Item	1968				1969	
		I	II	III	IV	I	II
		millions of United States dollars at end of period					
	<u>Assets</u>						
	Official holdings of foreign exchange						
1	U.S. dollars	1,269	1,649	1,672	1,965	1,918	1,758
2	Other convertible currencies	16	15	16	12	9	15
3	Monetary gold	976	926	863	863	863	866
4	Special Drawing Rights .....	...	...	...	...	...	...
5	Reserve position in IMF	-	121	186	206	221	322
6	Total official international reserves(1)	2,261	2,711	2,737	3,046	3,011	2,961
	<u>Liabilities</u>						
7	Use of IMF credit(2)	-	-	-	-	-	-
8	Foreign exchange deposit liabilities ...	1	1	1	1	1	1
9	Reported use of central bank reciprocal credit facilities	250	125	-	-	-	-
10	Total official monetary liabilities	251	126	1	1	1	1
11	Net official monetary assets	2,010	2,585	2,736	3,045	3,010	2,960
		Change in millions of Canadian dollars					
	<u>Change in Assets and Liabilities</u>						
12	Total official international reserves(3)	- 495	+ 486	+ 28	+ 331	- 38	- 54
13	Total official monetary liabilities(3)	- 269	+ 134	+ 134	-	-	-

(1) As published by the Minister of Finance.

(2) Transactions with the IMF when that institution holds Canadian dollars in excess of 100 per cent of the Canadian quota.

TABLE 4. CANADA'S OFFICIAL INTERNATIONAL MONETARY ASSETS AND LIABILITIES

1969		1970							No.
III	IV	I	II	III	IV	October	November	December	
millions of United States dollars at end of period									
1,668 14	1,744 12	2,057 14	2,770 17	2,905 13	3,022 14	2,951 15	2,991 12	3,022 14	1 2
872	872	879	880	880	791	880	880	791	3
...	...	133	143	181	182	181	181	182	4
402	478	515	523	574	670	580	580	670	5
2,956	3,106	3,598	4,333	4,553	4,679	4,607	4,644	4,679	6
- 1	- 1	- 1	- 1	- -	- -	- -	- -	- -	7
1	1	1	1	-	-	-	-	-	8
-	-	-	-	-	-	-	-	-	9
1	1	1	1	-	-	-	-	-	10
2,955	3,105	3,597	4,332	4,553	4,679	4,607	4,644	4,679	11
Change in millions of Canadian dollars									
- 5	+ 162	+ 527	+ 781	+ 225	+ 129	+ 55	+ 39	+ 35	12
-	-	-	-	+ 1	-	-	-	-	13

(3) These totals appear as items H4 and H5 in Table 1.
... Not applicable.

TABLE 5. CANADA'S GENERAL ACCOUNT WITH THE INTERNATIONAL MONETARY FUND(1)

	Canadian assets			Canadian liabilities (equals IMF holdings of Canadian dollars)							Canada's net balance with IMF (2)
	Transactions		Total assets	Transactions						Total liabil- ities	
	Subscrip- tion to IMF (Quota)	Loans under GAB		Subscrip- tions and loans	Foreign currencies		Canadian dollars		Other		
					Drawings by Canada	Re- payments (-)	Drawings by other countries(-)	Re- payments			
millions of United States dollars											
1947-1966	740.0	50.0	790.0	605.0	300.0	- 245.7	- 949.4	570.1	61.5(3)	341.5	448.5
1967		-15.0	775.0	- 15.0			- 30.0	45.1		341.6	433.4
1968		-35.0	740.0	- 35.0	426.0	- 64.8	- 138.5	7.3	- 2.8(4)	533.8	206.2
1969		95.5	835.5	65.5			- 293.5	43.2	8.4	357.4	478.1
1970	360.0	24.5	1,220.0	294.5			- 186.0	40.3	44.2	550.4	669.6
1968 1		-35.0	740.0	- 35.0	426.0			7.3		739.9	0.1
11			740.0				- 121.1			618.9	121.1
111			740.0			- 64.8				554.1	185.9
1V			740.0				- 17.5		- 2.8(4)	533.8	206.2
1969 1			740.0				- 15.0			518.8	221.2
11		40.0	780.0	40.0			- 103.5		2.5(3)	457.8	322.2
111		25.5	805.5	25.5			- 87.0	0.8	6.1(3)	403.2	402.3
1V		30.0(5)	835.5				- 88.0	42.4	- 0.2(4)	357.4	478.1
1970 1		24.5	860.0	24.5			- 63.8	18.1	8.8(3)	345.0	515.0
11			860.0				- 29.7	22.2		337.5	522.5
111			860.0				- 87.5		36.4(6)	286.4	573.6
1V	360.0		1,220.0	270.0			- 5.0		- 1.0(4)	550.4	669.6

(1) Excludes Special Drawing Rights account.

(2) This is a cumulative measure of the net resources provided by Canada to the IMF including loans under the General Arrangements to Borrow (GAB). Canada's net balance with the IMF, when positive, represents its reserve position in the IMF. This may be drawn by Canada virtually automatically on statement of balance of payments need, but Canada would then be under an obligation to restore its net balance to 25 per cent of its quota which is currently \$1,100 million, i.e. to \$275 million. The Canadian dollar equivalent of changes in positive balances appears as a component of item H4 in Table 1. Changes in negative balances, i.e. use of IMF credit, are shown as a component of item H5.

(3) Sales of Canadian dollars to IMF for gold.

(4) Dividend payment to Canada.

(5) Acquisition of GAB notes issued previously to another IMF member.

(6) Sales of Canadian dollars to IMF for SDR'S.

Note: The statement is expressed in terms of United States dollar equivalents in accordance with IMF practice. Since members are obligated to maintain the gold value of the IMF's holdings of their currencies, from time to time there have been adjustment payments between the IMF and Canada in Canadian dollars arising from changes in the exchange rate. These transactions are not reflected above because the series are shown in United States dollar equivalents, and do not appear in the balance of payments statements because only the change in Canada's net asset is shown. The adjustment transactions affect the Public Accounts of Canada.

TABLE 6. BALANCE OF PAYMENTS ADJUSTMENTS TO TRADE OF CANADA FIGURES

Item	1968				1969				1970				1968	1969	1970
	I	II	III	IV	I	II	III	IV	I	II	III	IV			
	million of dollars														
Trade of Canada EXPORTS (including re-exports)	3,022	3,517	3,372	3,694	3,480	3,831	3,568	4,052	3,953	4,515	4,060	4,359	13,605	14,931	16,887
Adjustments:															
Wheat	+ 3	+ 29	- 21	- 15	-	+ 5	-	+ 9	- 6	+ 25	-	- 13	- 4	+ 14	+ 6
Aircraft and other adjustments	- 8	- 14	- 30	- 12	- 13	- 27	- 23	- 8	- 11	- 15	- 12	- 14	- 64	- 71	- 52
Equals merchandise exports adjusted to balance of payments basis	3,017	3,532	3,321	3,667	3,467	3,809	3,545	4,053	3,936	4,525	4,048	4,332	13,537	14,874	16,841
Trade of Canada IMPORTS ..	2,810	3,201	2,884	3,463	3,241	3,789	3,337	3,763	3,333	3,890	3,346	3,371	12,358	14,130	13,940
Adjustments:															
Automotive products	- 38	- 37	- 28	- 44	- 19	- 36	- 21	- 7	- 22	- 4	- 34	- 35	- 147	- 83	- 95
Aircraft and other..... equipment	- 13	- 18	+ 8	- 5	+ 13	- 29	+ 1	+ 4	- 1	- 6	+ 12	+ 12	- 28	- 11	+ 17
Other adjustments	- 5	- 6	- 5	- 5	- 5	- 6	- 5	- 6	- 5	- 5	- 7	- 6	- 21	- 22	- 23
Equals merchandise imports adjusted to balance of payments basis	2,754	3,140	2,859	3,409	3,230	3,718	3,312	3,754	3,305	3,875	3,317	3,342	12,162	14,014	13,839
Trade balance on balance of payments basis	+ 263	+ 392	+ 462	+ 258	+ 237	+ 91	+ 233	+ 299	+ 631	+ 650	+ 731	+ 990	+1,375	+ 860	+3,002

TABLE 7. RECONCILIATION STATEMENT WITH NATIONAL INCOME AND EXPENDITURE ACCOUNTS

	1969				1970				1968	1969	1970
	I	II	III	IV	I	II	III	IV			
	millions of dollars										
Exports of goods and services:											
Current receipts as per Canadian Balance of											
International Payments	4,250	4,870	4,913	5,062	4,847	5,708	5,607	5,418	17,184	19,095	21,580
Deduct:											
Current transfers:											
Personal remittances, etc.	- 22	- 23	- 23	- 23	- 24	- 24	- 25	- 26	- 95	- 91	- 99
Capital transfers:											
Inheritances and migrants' funds	- 62	- 100	- 109	- 92	- 72	- 101	- 122	- 93	- 370	- 363	- 388
Total exports of goods and services as per											
National Income and Expenditure Accounts ...	4,166	4,747	4,781	4,947	4,751	5,583	5,460	5,299	16,719	18,641	21,093
Imports of goods and services:											
Current payments as per Canadian Balance of											
International Payments	4,514	5,195	4,903	5,234	4,792	5,456	5,129	4,906	17,291	19,846	20,283
Deduct:											
Current transfers:											
Personal remittances, etc.	- 45	- 42	- 42	- 43	- 46	- 48	- 43	- 47	- 148	- 172	- 184
Official contributions	- 16	- 49	- 46	- 33	- 31	- 42	- 79	- 49	- 133	- 144	- 201
Capital transfers:											
Inheritances and migrants' funds	- 40	- 44	- 58	- 52	- 42	- 49	- 62	- 58	- 209	- 194	- 211
Add:											
Withholding taxes on dividends and interest	30	32	31	46	40	34	35	45	126	139	154
Withholding taxes on other payments(1)	16	41	17	19	26	36	10	41	83	93	113
Total imports of goods and services as per											
National Income and Expenditure Accounts	4,459	5,133	4,805	5,171	4,739	5,387	4,990	4,838	17,010	19,568	19,954

(1) Includes timing adjustments.

Note: Data include some revisions not yet reflected in the National Income and Expenditure Accounts.

TABLE 8. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

Summary of Current Account

Period	Exports (adjusted)	Imports (adjusted)	Trade balance	Non- merchandise receipts(1)	Non- merchandise payments(1)	Non- merchandise balance	Total current account balance	Current account balance		
								With:(2) United States	With: United Kingdom	With: All other countries
millions of dollars										
1960	5,392	5,540	- 148	1,744	2,829	- 1,085	- 1,233	- 1,359	+ 169	- 43
1961	5,889	5,716	+ 173	1,899	3,000	- 1,101	- 928	- 1,341	+ 195	+ 218
1962	6,387	6,203	+ 184	2,036	3,050	- 1,014	- 830	- 1,092	+ 225	+ 37
1963	7,082	6,579	+ 503	2,207	3,231	- 1,024	- 521	- 1,148	+ 417	+ 210
1964	8,238	7,537	+ 701	2,509	3,634	- 1,125	- 424	- 1,635	+ 605	+ 606
1965	8,745	8,627	+ 118	2,736	3,984	- 1,248	- 1,130	- 1,937	+ 505	+ 302
1966	10,326	10,102	+ 224	3,070	4,456	- 1,386	- 1,162	- 2,030	+ 425	+ 443
1967	11,338	10,772	+ 566	3,747	4,812	- 1,065	- 499	- 1,342	+ 512	+ 331
1968	13,537	12,162	+ 1,375	3,647	5,129	- 1,482	- 107	- 801	+ 466	+ 228
1969	14,874	14,014	+ 860	4,221	5,832	- 1,611	- 751	- 733	+ 323	- 341
1970	16,841	13,839	+ 3,002	4,739	6,444	- 1,705	+ 1,297	+ 33	+ 764	+ 500
1965 I	1,826	1,866	- 40	505	886	- 381	- 421	- 595	+ 96	+ 78
1965 II	2,191	2,218	- 27	648	985	- 337	- 364	- 532	+ 141	+ 27
1965 III	2,263	2,101	+ 162	930	1,058	- 128	+ 34	- 175	+ 138	+ 71
1965 IV	2,465	2,442	+ 23	653	1,055	- 402	- 379	- 635	+ 130	+ 126
1966 I	2,223	2,213	+ 10	563	960	- 397	- 387	- 590	+ 106	+ 97
1966 II	2,602	2,651	- 49	734	1,065	- 331	- 380	- 605	+ 110	+ 115
1966 III	2,695	2,472	+ 223	1,033	1,223	- 190	+ 33	- 191	+ 101	+ 133
1966 IV	2,806	2,766	+ 40	740	1,208	- 468	- 428	- 644	+ 108	+ 108
1967 I	2,596	2,481	+ 115	648	1,076	- 428	- 313	- 563	+ 127	+ 123
1967 II	3,003	2,975	+ 28	947	1,244	- 297	- 269	- 508	+ 116	+ 123
1967 III	2,691	2,591	+ 100	1,350	1,250	+ 100	+ 200	+ 48	+ 102	+ 50
1967 IV	3,048	2,725	+ 323	802	1,242	- 440	- 117	- 319	+ 167	+ 35
1968 I	3,017	2,754	+ 263	658	1,148	- 490	- 227	- 415	+ 124	+ 64
1968 II	3,532	3,140	+ 392	901	1,278	- 377	+ 15	- 249	+ 130	+ 134
1968 III	3,321	2,859	+ 462	1,254	1,403	- 149	+ 313	+ 151	+ 115	+ 47
1968 IV	3,667	3,409	+ 258	834	1,300	- 466	- 208	- 288	+ 97	- 17
1969 I	3,467	3,230	+ 237	783	1,284	- 501	- 264	- 387	+ 124	- 1
1969 II	3,809	3,718	+ 91	1,061	1,477	- 416	- 325	- 314	+ 56	- 67
1969 III	3,545	3,312	+ 233	1,368	1,591	- 223	+ 10	+ 101	+ 35	- 126
1969 IV	4,053	3,754	+ 299	1,009	1,480	- 471	- 172	- 133	+ 108	- 147
1970 I	3,936	3,305	+ 631	911	1,487	- 576	+ 55	- 269	+ 178	+ 146
1970 II	4,525	3,875	+ 650	1,183	1,581	- 398	+ 252	- 100	+ 209	+ 143
1970 III	4,048	3,317	+ 731	1,559	1,812	- 253	+ 478	+ 232	+ 140	+ 106
1970 IV	4,332	3,342	+ 990	1,086	1,564	- 478	+ 512	+ 170	+ 237	+ 105

(1) Includes transfers.

(2) Includes gold production available for export.

TABLE 8. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS - Concluded

Summary of Capital Account

Period	Direct investment in Canada	Direct investment abroad	Portfolio transactions	Other capital movements in long-term forms	Resident holdings of foreign bank balances and other short-term funds abroad	Non-resident holdings of Canadian short-term paper	Other capital movements in short-term forms(1)	Net capital movement	Allocation of Special Drawing Rights	Net official monetary movements
millions of dollars										
1960	+ 670	- 50	+ 217	+ 92	- 60	+ 56	+ 269	+ 1,194	...	- 39
1961	+ 560	- 80	+ 312	+ 138	+ 142	- 58	+ 206	+ 1,220	...	+ 292
1962	+ 505	- 105	+ 294	- 6	+ 92	+ 4	+ 200	+ 984	...	+ 154
1963	+ 280	- 135	+ 471	+ 21	- 259	+ 43	+ 245	+ 666	...	+ 145
1964	+ 270	- 95	+ 645	-	- 527	+ 169	+ 326	+ 788	...	+ 364
1965	+ 535	- 125	+ 546	- 92	+ 140	- 140	+ 425	+ 1,289	...	+ 159
1966	+ 790	- 5	+ 325	+ 57	- 603	- 12	+ 251	+ 803	...	- 359
1967	+ 691	- 125	+ 473	+ 316	- 259	- 47	- 530	+ 519	...	+ 20
1968	+ 590	- 225	+ 1,063	+ 226	- 401	- 85	- 712	+ 456	...	+ 349
1969	+ 655	- 255	+ 1,832	+ 25	- 1,604	+ 250	- 87	+ 816	...	+ 65
1970	+ 760	- 215	+ 661	- 392	- 376	+ 236	- 441	+ 233	+ 133	+ 1,663
1965 I	+ 142	- 57	+ 106	+ 22	- 173	- 8	- 27	+ 351	...	- 70
II	+ 133	+ 33	+ 69	- 53	+ 140	- 4	+ 47	+ 365	...	+ 1
III	+ 111	- 55	+ 218	- 58	- 76	- 60	+ 110	+ 190	...	+ 224
IV	+ 149	- 46	+ 153	- 3	- 97	- 68	+ 295	+ 383	...	+ 4
1966 I	+ 134	- 22	+ 356	+ 1	- 166	+ 7	- 56	+ 254	...	- 133
II	+ 203	- 29	- 3	+ 56	- 22	- 14	+ 66	+ 257	...	- 123
III	+ 151	+ 80	+ 27	- 6	- 318	- 41	- 12	- 119	...	- 86
IV	+ 302	- 34	- 55	+ 6	- 97	+ 36	+ 253	+ 411	...	- 17
1967 I	+ 154	- 37	+ 116	+ 45	+ 344	+ 17	- 341	+ 298	...	- 15
II	+ 186	- 16	+ 29	+ 51	+ 42	- 12	- 63	+ 217	...	- 52
III	+ 166	- 34	+ 102	+ 85	- 310	- 77	- 76	- 144	...	+ 56
IV	+ 185	- 38	+ 226	+ 135	- 335	+ 25	- 50	+ 148	...	+ 31
1968 I	+ 53	- 88	+ 142	+ 58	- 99	- 30	- 573	- 537	...	- 764
II	+ 225	- 6	+ 470	+ 60	+ 10	- 51	- 103	+ 605	...	+ 620
III	+ 137	- 20	+ 268	- 12	- 170	- 25	- 329	- 151	...	+ 162
IV	+ 175	- 111	+ 183	+ 120	- 142	+ 21	+ 293	+ 539	...	+ 331
1969 I	+ 156	- 52	+ 536	- 80	- 156	+ 169	- 347	+ 226	...	- 38
II	+ 233	- 103	+ 422	- 20	- 568	+ 63	+ 244	+ 271	...	- 54
III	+ 79	- 25	+ 558	- 16	- 621	- 78	+ 88	- 15	...	- 5
IV	+ 187	- 75	+ 316	+ 141	- 259	+ 96	- 72	+ 334	...	+ 162
1970 I	+ 200	- 150	+ 561	+ 33	+ 206	- 78	- 433	+ 339	+ 133	+ 527
II	+ 155	- 20	- 61	- 118	- 5	+ 132	+ 446	+ 529	-	+ 781
III	+ 115	+ 15	+ 173	- 154	- 470	+ 29	+ 40	- 252	-	+ 226
IV	+ 290	- 60	- 12	- 153	- 107	+ 153	- 494	- 383	-	+ 129

(1) Includes errors and omissions.

... Not applicable.

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