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QUARTERLY



SYSTEM OF NATIONAL ACCOUNTS

QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

FIRST QUARTER

1971

DOMINION BUREAU OF STATISTICS

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Balance of Payments and Financial Flows Division
Balance of Payments Section

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SYMBOLS

The following standard symbols are used in Dominion Bureau of Statistics publications:

- .. figures not available.
- ... figures not appropriate or not applicable.
- nil or, in this publication less than half unit expressed.
- P preliminary figures.
- r revised figures.
- x confidential to meet secrecy requirements of the Statistics Act.
- * new series not strictly comparable with earlier years.

QUARTERLY ESTIMATES OF THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

FIRST QUARTER 1971

The rate of economic growth in Canada as measured by the change in the Gross National Product in constant dollars, decelerated somewhat in the first quarter of 1971. With unemployment at a relatively high level and a lower rate of price increase than most other industrialized countries in 1970, further measures were taken to quicken the pace of economic activity. This was done in large part by easing monetary conditions particularly through the reduction of short-term interest rates paralleling similar movements in other countries. (Long-term interest rates seemed stickier and remained at relatively high levels). Management of the economy towards increased employment was not made easier by the continued high value of the floating Canadian dollar in the foreign exchange market.

Summary Statement

	1969	1970	1970				1971
			I Q	II Q	III Q	IV Q	I Q
			millions of dollars				
Merchandise trade balance	+ 860	+ 3,002	+ 631	+ 650	+ 731	+ 990	+ 700
Balance on non-merchandise transactions	- 1,611	- 1,705	- 576	- 398	- 253	- 478	- 558
Current account balance	- 751	+ 1,297	+ 55	+ 252	+ 478	+ 512	+ 142
Capital movements in long-term forms ..	+ 2,257	+ 814	+ 644	- 44	+ 149	+ 65	+ 269
Capital movements in short-term forms	- 1,441	- 581	- 305	+ 573	- 401	- 448	- 363
Net capital movement(1)	+ 816	+ 233	+ 339	- 529	- 252	- 383	- 94
Allocation of Special Drawing Rights ..	...	+ 133	+ 133	-	-	-	+ 119
Net official monetary movements	+ 65	+ 1,663	+ 527	+ 781	+ 226	+ 129	+ 167

(1) Excluding items shown below.

Some diminution in the strength of the current account of the Canadian balance of international payments was evident in the first quarter of 1971 even after allowing for seasonal factors. The current account surplus of \$142 million (unadjusted for seasonal variations) was however, still sizeable. Principal factors in the quarter, which tended to have countervailing effects, were the relatively high positive trade balance and the seasonal increase in travel payments abroad.

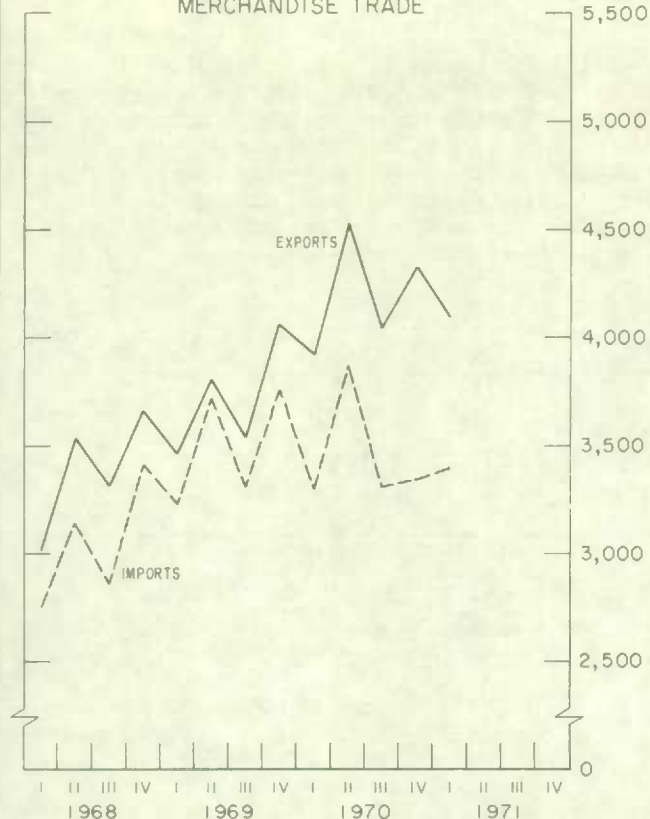
Capital movements led to a net outflow of \$94 million, a decline of \$289 million from the fourth quarter 1970 outflow. Capital movements in long-term forms recorded a net inflow of \$269 million, up \$204 million from the previous quarter. The main contributing factors to this change were a reversal of \$150 million to a net inflow of \$49 million from transactions in outstanding foreign securities as Canadians swung from being net buyers to net sellers, and a reduction in outflows for the "other long-term capital transactions" category, principally net repayments of bank loans, to \$12 million from \$150 million in the preceding quarter. The principal offset was provided by an increase in Canadian direct investment abroad which rose by \$85 million to \$145 million in the quarter under review.

Capital movements in short-term forms resulted in a net outflow of \$363 million, down \$85 million from the efflux of \$448 million in the fourth quarter of 1970. Largely accounting for this decreased outflow was a \$675 million swing to an inflow of \$568 million arising from a reduction in Canadian holdings of foreign currency bank balances and other short-term funds abroad. Principal movements in the opposite direction were provided by the \$136 million outflow as non-residents unwound significantly their positions in Canadian money market paper; and the increase of \$497 million to \$854 million in the outflow for "other short-term capital transactions". This latter category included a sharp \$230 million jump to \$298 million in the outflow to increase chartered bank Canadian dollar claims on non-residents (i.e. Euro-Canadian dollar claims). However the major component of this category is the balancing item representing the difference between the recorded measures of current and capital accounts.

CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

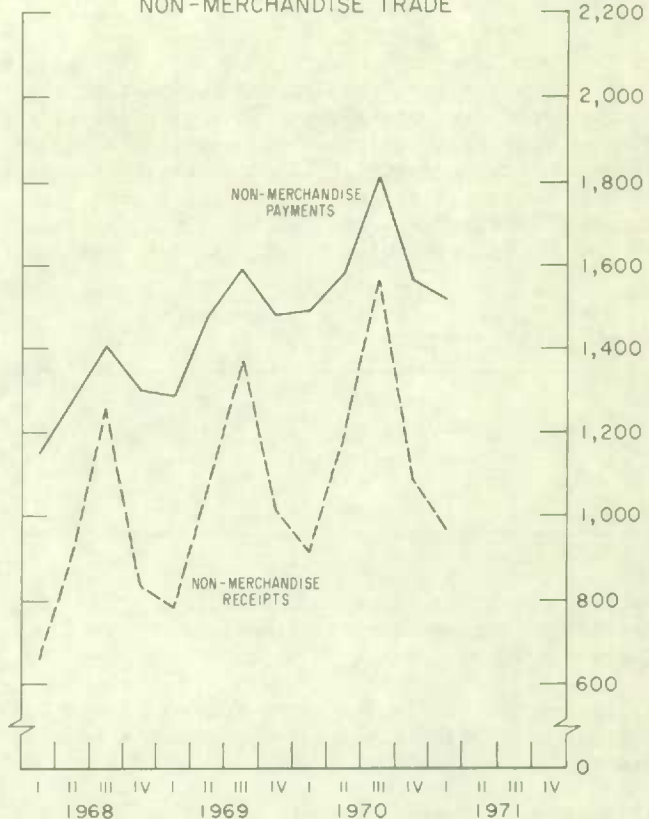
MERCHANDISE TRADE

MILLIONS OF DOLLARS



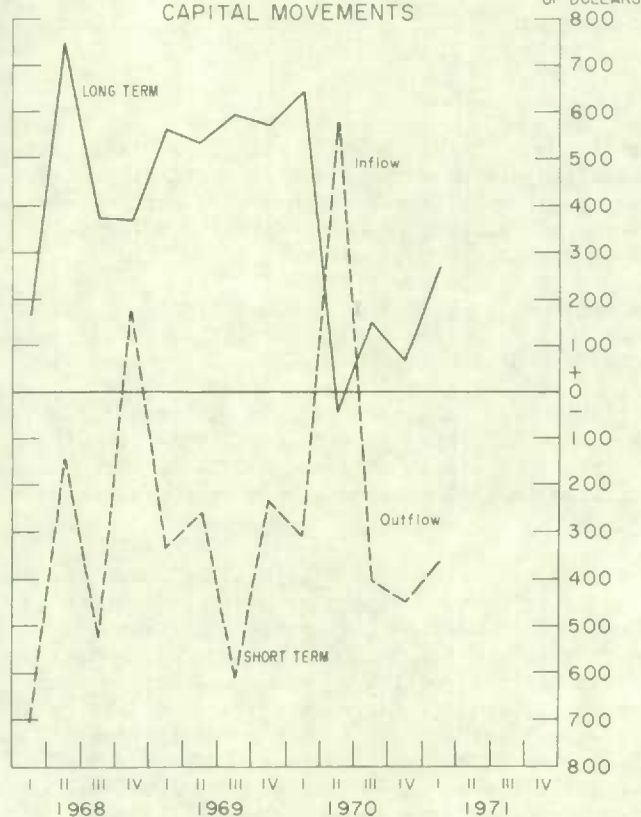
NON-MERCHANDISE TRADE

MILLIONS OF DOLLARS



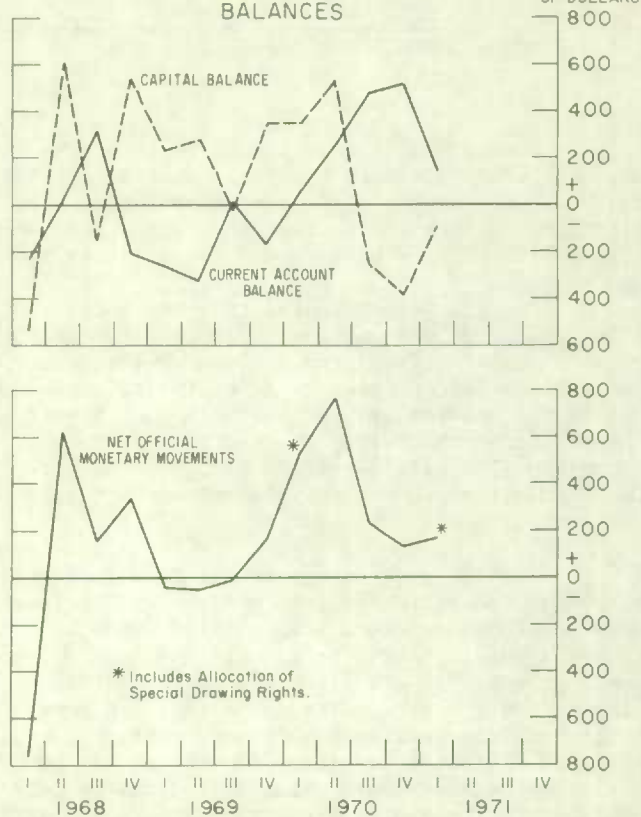
CAPITAL MOVEMENTS

MILLIONS OF DOLLARS



BALANCES

MILLIONS OF DOLLARS



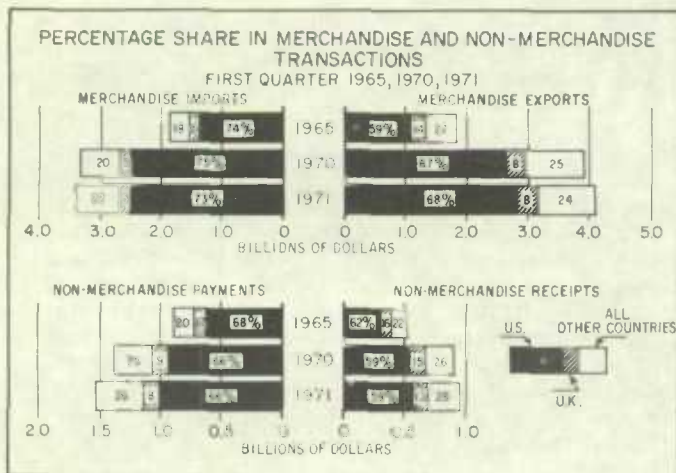
* Includes Allocation of Special Drawing Rights.

Official net monetary assets rose by \$167 million. Apart from the current and capital account transactions outlined above the reserves were augmented to the extent of \$119 million by Canada's receipt of its second allocation of Special Drawing Rights from the International Monetary Fund on January 1, 1971.

Merchandise Trade

In the first quarter of 1971 the surplus on merchandise trade rose to \$700 million surpassing that in the corresponding period of last year by 11 per cent. This occurred despite the continued appreciation of the Canadian dollar, generally sluggish conditions in the United States and efforts to stimulate economic activity in Canada.

Merchandise exports increased by 4 per cent to \$4,099 million, a rate of growth which was well below that recorded for the corresponding period in 1970. This deceleration partly reflects the differing effects on exports of the aftermaths of protracted strikes in each period. In the first quarter of 1970 there was a surge in sales of some metal products to catch up on lower shipments of these commodities in the last few months of 1969. The General Motors strikes in the closing months of 1970 did not, however, produce the same effects as the 1969 metal industry strikes as automotive exports in the first quarter of 1971 only increased by about the same rate as in the corresponding period of last year. Other increases occurred in exports of barley, rapeseed, nickel ores, crude petroleum, natural gas, coal and steel. Reduced exports were recorded for wheat, iron ore, copper, aluminum, newsprint and chemical elements. Sales to the United States this year rose at a higher rate than total merchandise exports and were responsible for nearly the whole of the increase in Canadian exports, thus reversing the situation which emerged last year when this market accounted for only about 40 per cent of the increase in Canadian exports.



Not all merchandise exports lead to immediate cash receipts by Canada. In fact payments usually occur only on or after the goods arrive in the country of import. In addition to normal short-term credit financed by the exporter or his bank the Government of Canada also has programs which directly influence the volume of exports. For example, the government guarantees export credits and often finances many of these larger transactions. In addition, the soft loan program provides funds to developing countries, often for the purchase of Canadian goods while official contributions to these countries include gifts of commodities as well as cash grants and technical assistance. Exports to developing countries amounted to \$312 million, an increase of about 7 per cent

over the first quarter of last year. The total value of commodity-oriented aid made available under the various Government of Canada programs represented over 22 per cent of total Canadian exports to these countries. Food and other commodity grants represented about 30 per cent of the total while soft loans and export credits represented 31 and 39 per cent respectively.

Imports went up by about 3 per cent to \$3,399 million, that is at a rate slightly higher than that in the corresponding period last year. Following declines of 4 and 1 per cent in the first two months of the quarter, on a year-to-year basis, imports rose by about 13 per cent in March, as against 10 per cent in March last year. Increases in imports of automotive goods which had been depressed in the previous quarter as a result of the lengthy strikes in the automobile industry exceeded the total expansion of imports. Other commodities showing increased imports were petroleum and coal products, personal goods and chemicals. There were lower imports of aluminum ores, woven fabrics, fabricated iron and steel, copper, machinery and computers. The generally sluggish overall rise in imports appears to indicate that the effects of the appreciation in the value of the Canadian dollar on imports have not as yet been fully felt partly because of the continuing effect on domestic expenditures, (particularly capital formation), of the relatively slow tempo of economic activity which prevailed in the first quarter.

Adjustments to recorded merchandise trade for balance of payments purposes shown in Table 4 included a net addition of \$7 million to exports mainly for timing corrections in respect of wheat shipments and progress payments on ships and military aircraft. A deduction of \$32 million from imports reflected mainly timing adjustments for civilian aircraft progress payments and deliveries and 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 \$39 million to the recorded trade balance.

The index of domestic export prices (1968=100) continued to decline from a high of 106.5 in May last year and an average of 105.5 in the first three months of 1970 to an average of 103.8 in the first quarter of 1971. Sizeable reductions were evident in the prices of the crude and fabricated materials group which by March 1971 had fallen by 6 per cent from the highest point reached in the first half of 1970. World supply and demand conditions for certain non-ferrous metals and wood products, a lowering of prices to maintain competitive positions and a reduction in the Canadian dollar equivalent of fixed contract prices expressed in foreign currencies following the rise in the value of the dollar, contributed to the decline in the prices of these groups of commodities. Average first quarter prices of end products, however, were about 3 per cent above the year-ago level. This escalation in the export prices of end products was accompanied by an upward movement in the average quarterly index of physical volume for this group which over the year rose by about 8 per cent.

The upturn in import prices which appeared in the last quarter of 1970 continued in the first quarter of 1971, although by March 1971 import prices were still below the May 1970 peak by over 1 per cent. The increase in import prices resulted mainly from a rise of over 4 per cent in the prices of crude materials, particularly coal. In the case of the other two main groups of commodities there was actually a decline in prices for fabricated materials and a small rise of about 1 per cent for end products.

Import prices on average in the first quarter were unchanged from the corresponding quarter of 1970. The deterioration of about 2 per cent in Canada's terms of trade was accounted for by the fall in export prices.

Non-merchandise Transactions

In the first quarter of 1971 non-merchandise receipts rose by about 6 per cent to \$962 million and non-merchandise payments went up by 2 per cent to \$1,520 million. The deficit on invisibles fell by \$18 million to \$558 million. The increase in receipts occurred on both service and transfer transactions, the latter rising by 23 per cent to \$118 million mainly due to larger inflows of immigrants' funds. Service receipts increased by about 4 per cent to \$844 million principally through higher interest and dividend income and increased earnings on freight and shipping transactions. Service payments moved up marginally to \$1,386 million largely due to higher travel expenditures abroad and business service payments which were partly offset by lower disbursements of investment income and for government transactions. At \$134 million total transfer payments showed an increase of about 13 per cent resulting from larger personal and institutional remittances and official contributions.

The net balance from receipts and payments of interest and dividends declined by \$41 million to a deficit of \$235 million in the first quarter of 1971 from \$276 million in the first quarter of 1970. The deficit from the transfers of all investment income (including miscellaneous income) also declined in the same period but at a substantially lower rate. The net decline of \$41 million was accounted for by a contraction in total payments of interest and dividends of \$16 million and an increase in corresponding receipts of \$25 million. The main factor responsible for the reduction in dividend payments was a relatively sharp decline in payments by Canadian subsidiaries to parent companies in the United States.

Dividends paid to foreign portfolio investors recorded an increase but not sufficiently large to significantly affect the dividend payments item as a whole. Interest payments registered an increase of \$19 million over the first quarter of 1970, reflecting almost solely increased payments on foreign holdings of provincial bonds. Transfers abroad of miscellaneous income recorded virtually no change in the first quarter of 1971 as compared with the corresponding period of the preceding year. Total receipts of interest and dividends rose by \$25 million with the interest and dividend components

Investment Income

Period	Interest	Divid-ends	Misc-ellane-ous income(1)	Totals
millions of dollars				
Receipts				
1969	161	253	433	847
1970	240	273	562	1,075
1970 I Q	40	72	141	253
II Q	56	65	140	261
III Q	61	62	141	264
IV Q	83	74	140	297
1971 I Q	59	78	126	263
Payments				
1969	649	696	459	1,804
1970	744	780	535	2,059
1970 I Q	176	212	126	514
II Q	197	155	134	486
III Q	180	173	128	481
IV Q	191	240	147	578
1971 I Q	195	177	125	497

(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 investments, all services associated with international banking and insurance operations.

per cent to \$232 million. This account therefore continued to show an increase in the small surplus balance which rose to \$11 million.

Receipts from "Other Services" which include government transactions, miscellaneous income and business services and other transactions went down by about 2 per cent to \$329 million. Payments on the other hand rose by about 3 per cent to \$468 million. The deficit therefore climbed by 17 per cent to \$139 million. An increase of over \$20 million in business service payments and a reduction of about \$15 million in miscellaneous income receipts mainly banking earnings, were partly offset by higher receipts and lower payments on government transactions, the balance on which was improved by about \$20 million. Gold production available for export declined to \$22 million from \$25 million in the corresponding period last year.

The deficit on transfers fell by about 30 per cent to \$16 million. Reflecting principally the rise in funds brought in by immigrants, receipts went up by 23 per cent to \$118 million, while payments, including increased personal and institutional remittances and official contributions rose by only about 13 per cent to \$134 million. The reduction in the number of immigrants, indicating the response of immigration to reduced employment opportunities in Canada and strong economic conditions in most of Western Europe, was more than offset by higher per capita inflows of funds. Net payments on personal and institutional remittances climbed by 18 per cent to \$26 million mainly on account of higher personal remittances.

Official contributions, representing the grant portion of Canada's international development assistance abroad, rose by about 23 per cent to \$38 million. About 50 per cent of the contributions consisted of aid under bilateral accounts in the form of economic and technical assistance while over 32 per cent was contributed through food aid programs.

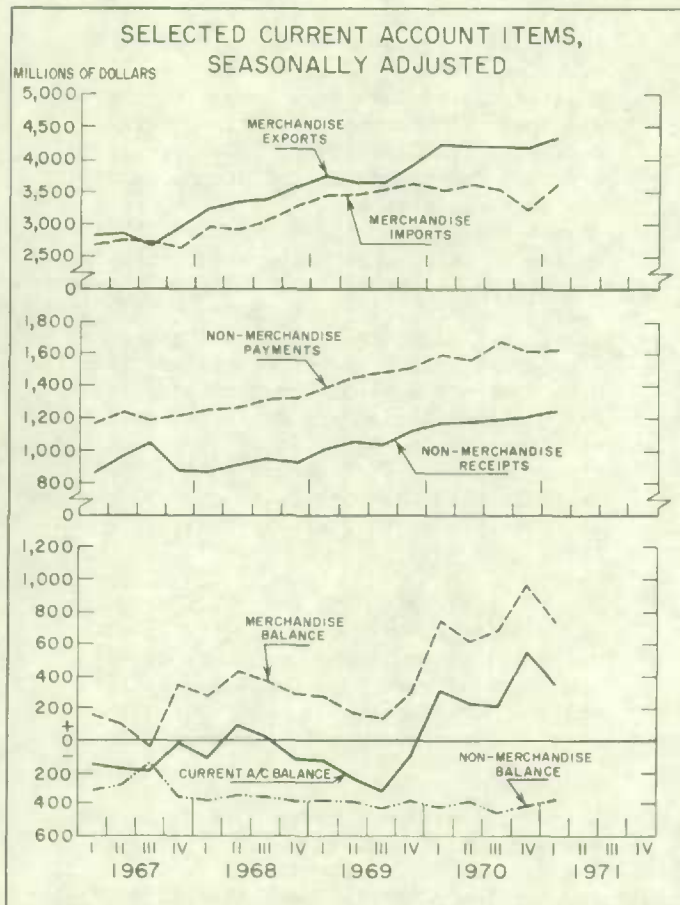
increasing by \$19 million and \$6 million, respectively. The total rise in dividend receipts was accounted for by larger payments by foreign subsidiaries to Canadian parent companies while larger earnings on official holdings of foreign exchange were responsible for most of the rise in interest receipts. Receipts of miscellaneous income recorded a decrease of \$15 million in the first quarter of 1971.

Due to higher disbursements on overseas travel which were only partly offset by increased expenditures of United States travellers in Canada, the deficit on travel rose by about 5 per cent to \$201 million. The switch of the Easter holidays, which this year fell in the second quarter of 1971, as well as the effects of a severe winter and slackness in economic conditions were reflected in the smaller number of travellers crossing the Canada-United States border in the first quarter of 1971. In the case of United States travellers, however, the impact on the balance of payments was partially reduced by higher per capita expenditures in Canada. As for overseas travel, while there was a small decline in both the number of overseas visitors and their expenditures in Canada, the number of Canadian travellers and their disbursements overseas continued to climb, rising by 13 and 17 per cent respectively. Continental Europe was the main attraction and accounted for over 50 per cent of the increase in overseas travel expenditures.

Reflecting the larger increase in merchandise exports over imports in both value and volume terms, earnings on freight and shipping rose by about 4 per cent to \$243 million, while payments went up by about 3

Current Account Transactions in the First Quarter - Seasonally Adjusted

After removal of seasonal variations the current account balance in the first quarter fell by over one third to \$352 million from the exceptionally high surplus of \$545 million in the fourth quarter of 1970. In spite of this sharp drop it remained, however, the second largest surplus ever recorded. Total current receipts edged upwards by 4 per cent to \$5,591 million while payments rose by 8 per cent to \$5,239 million. The merchandise surplus declined by 24 per cent to \$734 million due to a strong movement in imports which registered a 12 per cent increase to \$3,613 million, and a relatively weak rise of 4 per cent in exports to \$4,347 million. With these changes imports regained the high level which was attained in the fourth quarter of 1969 and exports reversed the downward direction evident over the preceding three quarters. There was, however, a partially offsetting decrease of 9 per cent in the deficit on invisibles which fell to \$382 million from \$420 million in the final quarter of 1970.



Service receipts rose marginally to \$1,091 million. There was an appreciable increase of 22 per cent in interest and dividend receipts and smaller increases of 2 and 6 per cent respectively from travel and freight and shipping. Partly offsetting these increases in receipts there were drops of about 10 per cent in gold production available for export and in "Other service receipts". Both components of transfer receipts recorded marked advances.

Total service payments increased only fractionally to \$1,474 million, but there were some significant changes among the individual service payments. Payments of interest and dividends were up by 12 per cent while freight and shipping payments rose by 8 per cent. Travel expenditures abroad and "Other service payments" were, on the other hand, 4 and 8 per cent lower respectively. Transfer payments contracted by 4 per cent as inheritances and emigrants' funds and official contributions decreased by about 10 per cent to \$49 million and \$51 million respectively and institutional remittances abroad rose by 8 per cent to \$52 million.

Seasonally adjusted at annual rates the current account surplus of \$1,408 million represented an increase of about 9 per cent over the 1970 surplus of \$1,297 million. On this basis the merchandise balance was in surplus by \$2,936 million with commodity exports at \$17,388 million and imports at \$14,452 million.

Transactions by Areas

With the United States the current account deficit was reduced by more than one half to \$123 million from \$269 million in the first quarter of 1970. An advance of 6 per cent in commodity exports which rose to \$2,797 million and a 1 per cent gain in imports which went up to \$2,489 million produced a growth of 76 per cent in the merchandise surplus to \$308 million. All of the increase in exports occurred in March as shipments in the first two months of the quarter were down slightly from the corresponding months of 1970. In the quarter, exports of motor vehicles, engines and parts were up by 14 per cent and shipments of lumber, crude petroleum and natural gas rose by 15 per cent. Sales of steel increased significantly partly in response to strike-hedge demand. There were decreases in exports of newsprint, wood pulp, nickel, iron ore and aluminum. Imports of cattle rose substantially while imports of motor vehicles, parts and engines were over 16 per cent higher than in the first quarter of 1970; purchases of aircraft, engines and parts and fabricated steel sheets and plates were down.

The non-merchandise deficit was reduced by 3 per cent to \$431 million as a 7 per cent increase in receipts to \$571 million eclipsed a 2 per cent advance in payments to \$1,002 million. The decrease of \$13 million in the non-merchandise deficit reflected an increase of \$8 million in the surplus on transfers, mainly from immigrants' funds, and a contraction of \$5 million in the deficit on services largely from decreased disbursement balances on travel and interest and dividends. Within the interest and dividends account receipts advanced by 39 per cent to \$96 million while payments fell by 6 per cent to \$304 million. On travel, while expenditures in the United States by Canadian travellers have remained unchanged, disbursements by United States travellers in Canada rose by about 10 per cent to reach a high of \$100 million. Gold production available for export, which is conventionally credited to the United States account, contracted by \$3 million.

If the credit representing gold production available for export is excluded, Canada's current account deficit with the United States in the first quarter of 1971 was \$145 million. Capital movements between the two countries produced a net inflow of \$392 million as a net inflow of capital in long-term forms of \$258 million was augmented by a net short-term capital inflow of \$134 million. In sum these transactions with the United States gave rise to net receipts by Canada of \$247 million.

With the United Kingdom, the current account surplus fell by 17 per cent to \$148 million. The trade balance declined by 12 per cent to \$147 million. From the high of \$335 million established in the corresponding quarter of 1970 commodity exports fell to \$319 million. At \$172 million merchandise imports from the United Kingdom showed a small increase remaining, however, at more or less the same level as in the last two years. Exports to the United Kingdom last year were influenced by the strikes in the metal industries in Canada during 1969 which necessitated increased purchases by the United Kingdom in 1970 to build up inventories which had been run down during the strikes. Sales of copper, aluminum, newsprint and lumber were lower while there were increased nickel exports. Imports of fabricated materials (mainly knitted fabrics), were up by 9 per cent while purchases of end products were down slightly. The surplus on services and transfers was nearly wiped out falling to a mere \$1 million; non-merchandise receipts decreased by \$19 million to \$120 million while payments declined by only \$9 million to \$119 million. A total increase of \$7 million in net travel and interest and dividends payments was only partly offset by small increases in net earnings from freight and shipping and "other service transactions". On the latter account substantially lower government and business expenditures in the United Kingdom were practically offset by significant reductions in earnings of miscellaneous income. Among the transfer items while payments of personal and institutional remittances were slightly up, receipts of immigrants' funds were down by over 25 per cent due to a relatively large reduction in the number of immigrants from the United Kingdom and lower per capita funds.

With the OECD (Europe) group of countries the shift in the current account balance from a surplus of \$16 million to a deficit of \$5 million resulted largely from the increase in the non-merchandise deficit which rose by about 19 per cent to \$115 million. A small contraction in the merchandise trade surplus to \$110 million resulted from an increase of 10 per cent in commodity exports being exceeded by a rise of 16 per cent in imports which went up to \$276 million. Increased sales of rapeseed went to West Germany, the Netherlands and Italy. There were increases in shipments of nickel to Norway and of wheat to Turkey. Although the growth in exports to West Germany was slight there were some significant changes in the composition as more barley, woodpulp and asbestos were purchased while iron ore and copper purchases decreased. Imports from West Germany, France, Norway and Sweden rose by \$37 million while the only significant decrease was from the Netherlands. There were increased purchases of motor vehicles from West Germany while more nickel arrived from Norway.

At \$91 million receipts from non-merchandise transactions from this group of countries were essentially unchanged from the corresponding quarter of 1970 but payments rose by 9 per cent to \$206 million. The rise in the deficit on invisibles arose mainly from the higher deficits on travel and on interest and dividends as a total increase of \$18 million in net payments on these two accounts was only fractionally offset by a small contraction in the deficits on freight and shipping and "other service transactions". On transfers the increase of \$5 million in official contributions to Turkey was partly offset by the expansion in net receipts of immigrants' funds from this group of countries.

With the Rest of the Sterling Area the current account surplus rose by 22 per cent to \$79 million. As the merchandise trade surplus was reduced by \$2 million this improvement was due entirely to non-merchandise transactions the balance of which reversed from a deficit of \$8 million to a surplus of similar magnitude. Merchandise exports to this group of countries fell by about 5 per cent to \$171 million. Decreases were recorded for exports to Pakistan, Jamaica, South Africa, and Ceylon while shipments to India and Australia rose. Shipments of fertilizers to Pakistan and of wheat flour to Ceylon were lower while India purchased more rapeseed and aluminum. Exports to Australia of railway stock and newsprint were higher while lumber and nickel were lower. At \$100 million merchandise imports were lower with less being sourced from Australia and Kuwait (solely crude petroleum). The decrease in imports from these sterling area countries occurred mainly in the crude materials group.

Among the service items receipts and payments of travel and of freight and shipping remained unchanged from the corresponding quarter of 1970. Due largely, however, to an improvement in the balance on miscellaneous income the deficit on "other service transactions" was reversed to a surplus of \$12 million. Net receipts of interest and dividends contracted slightly. There was a decrease in net transfer payments resulting from an increase in immigrants' funds.

With the Other Countries group the current account surplus was reduced by one third to \$43 million. The merchandise trade surplus deteriorated by 38 per cent to \$64 million as commodity exports contracted slightly and imports surged by 11 per cent to \$362 million. Commodity purchases by Argentina, U.S.S.R., and Japan were reduced but there were increases in sales to Brazil, Venezuela, Cuba and Algeria. Reduced sales of wheat were the cause of the decrease in exports to the U.S.S.R. The increase to Cuba was due to larger shipments of wheat flour to that country. Japan took less wheat, barley and aluminum but coal purchases were up. Exports of motor vehicle parts to Argentina were lower while sales of aircraft and newsprint to Brazil were higher. Increases were recorded in merchandise imports from Japan, Taiwan, Iran and Saudi Arabia. There were increased purchases of motor vehicles from Japan, and of crude petroleum from Venezuela, Saudi Arabia, Iran, Nigeria and Colombia. While non-merchandise payments rose by only 2 per cent to \$127 million receipts jumped by 23 per cent to \$106 million to yield a reduced deficit of \$21 million, down 45 per cent from the first quarter of 1970. Counterbalancing in part the expansion in the surplus on interest and dividends, due to large increases in receipts, and the contraction in the deficit on "other service transactions" there was an increase in net travel payments and a decrease in the freight and shipping surplus. Official contributions were unchanged from the corresponding quarter of 1970. Net transfer payments fell by about 20 per cent to \$17 million mainly as a result of higher receipts from immigrants from this group of countries.

Total current and capital account transactions by Canada with the United Kingdom and other overseas countries in the first quarter of 1971 resulted in net payments by Canada of \$221 million. The current account surplus of \$265 million resulted from a positive merchandise trade balance of \$392 million which was partly offset by a deficit on service transactions of \$127 million. Capital movements between Canada and these countries led to a net outflow of \$486 million. A small net inflow of \$11 million from capital movements in long-term forms was completely overshadowed by a \$497 million outflow of short-term capital principally to build up both Canadian dollar and foreign currency assets held overseas by Canadians.

Capital Movements

The net movement of capital between Canada and other countries in the first quarter of 1971 gave rise to an outflow of \$94 million, down \$289 million from an outflow of \$383 million during the fourth quarter of 1970. The lower level of net capital export was accompanied by a reduction in the current account surplus from the fourth quarter level of \$512 million to \$142 million. These movements together with a second allocation of Special Drawing Rights from the International Monetary Fund of \$119 million, gave rise to an increase in Canadian net official monetary assets of \$167 million.

The reduction in the net capital outflow in the first quarter was due primarily to a sharp increase in the inflow of capital in long-term forms from \$65 million to \$269 million. A major contributing factor in the increase was a reversal of fourth quarter outflows of \$101 million for net purchases of outstanding foreign securities to an inflow during the first quarter of \$49 million, a net change of \$150 million. Also significant was a reduction in outflows from "Other long-term capital transactions" to \$12 million from \$150 million in the preceding quarter. This category includes bank and other long-term loans, mortgage investments and movements of insurance funds. Inflows from sales to non-residents of newly issued Canadian securities increased \$56 million to \$278 million. These movements were offset in part by increased direct investment abroad by Canadians of \$85 million to \$145 million during the first quarter from \$60 million in the fourth quarter 1970. Changes in movements for other long-term categories were relatively minor. The effect of adjusting actual long-term capital inflows to reflect the timing of security offerings is given in the following statement which shows that deliveries were in excess of offerings by \$127 million during the quarter.

Net capital movements in short-term forms, with an outflow of \$363 million in the first quarter, were down \$85 million from outflows of \$448 million in the fourth quarter of 1970. There were, however, substantial shifts within this category. Canadian resident holdings of foreign currency bank balances and other short-term funds abroad declined \$568 million during the first quarter representing

Capital Movements in Long-term Forms

Period	Actual movement	Adjusted to reflect timing of security offerings
	millions of dollars	
1969	+ 2,257	+ 2,114
1970	+ 814	+ 466
1970 I Q	+ 644	+ 585
II Q	- 44	- 152
III Q	+ 149	+ 57
IV Q	+ 65	- 24
1971 I Q	+ 269	+ 142

a swing of \$675 million from the \$107 million outflow in the fourth quarter 1970. This inflow was offset, to some extent, by decreases in non-resident holdings of Canadian money market instruments. Foreign holdings of treasury bills, commercial paper, finance and other short-term paper, and other finance company obligations fell by \$128 million. The major offsetting movement, however, took place in the "other short-term transactions" category, with a net outflow of \$854 million, an increase of \$497 million from the fourth quarter 1970 level.

Transactions through the Canadian chartered banks played an important part in capital account movements. The net spot holdings of foreign currency claims (excluding gold) on non-residents of the Canadian chartered banks fell markedly on a transactions basis by \$693 million in the quarter while

those with Canadians rose by \$600 million to produce an overall decrease of \$93 million.

Claims on residents of the United States and overseas countries fell by \$737 million and \$115 million respectively, while liabilities to these areas declined by a respective \$65 million and \$94 million. Foreign currency claims on Canadians fell by \$61 million and liabilities to them declined a substantial \$661 million. The net decrease of \$93 million in the Canadian banks' foreign currency position reflected reductions in net assets of \$672 million with residents of the United States and of \$21 million with overseas countries and an increase of \$600 million with residents of Canada. The overall effect of these transactions on the balance of payments is measured by the decrease in the net position vis-à-vis non-residents which led to a net inflow of \$693 million. This figure cannot be identified separately in the balance of payments presentation in this report but forms elements of several of the items.

Direct Investment

The net capital inflow in long-term forms for direct investment in foreign controlled Canadian enterprises in the first quarter of 1971 amounted to \$285 million, only \$5 million less than that recorded in the previous quarter but \$85 million more than the net inflow of the corresponding quarter of 1970. Net inflows from United States investors accounted for about 70 per cent of the total with most of the remainder originating with principals domiciled in Continental Europe. Special transactions such as the substitution for some short-term inter-company accounts by long-term liabilities and other refinancing accounted for about one third of the total net inflow. For balance of payments purposes direct investment excludes transactions in long-term forms by foreign controlled Canadian companies with residents of the controlling countries, other than principals. These include new issues and retirements of bonds, debentures and common and preferred stocks, borrowings and repayments on other long-term loans, also excluded are all short-term claims. About 65 per cent of the net long-term inflow increased non-resident direct investment in the manufacturing industry in Canada with the balance going mainly to the mining sector.

Canadian long-term investment abroad in foreign enterprises controlled from Canada increased during the quarter as a result of net outflows of capital amounting to \$145 million, significantly higher than the \$60 million net outflow recorded in the previous quarter. About 45 per cent of the net outflow was directed to the United States with only small amounts going to the United Kingdom and Continental Europe. The balance of the net flows representing about 45 per cent of the total went mainly to Commonwealth countries. Industrially, the largest share of the net outflow originated with Canadian companies in the mining industry while manufacturing enterprises contributed most of the balance. Transactions by petroleum concerns resulted in only a modest net outflow.

Security Transactions

International portfolio security transactions during the first quarter resulted in inflows in long-term forms of \$184 million, compared with an outflow of \$12 million in the fourth quarter of 1970.

On a geographical basis, inflows of \$143 million emanated from the United States, \$2 million from the United Kingdom, \$38 million from other European countries and \$1 million from all other countries.

Foreign investment in long-term Canadian securities gave rise to inflows of \$142 million. Proceeds of \$278 million from the sale abroad of new Canadian issues was up from the corresponding figure of \$222 million in the previous quarter. The Canadian capital market also saw a high level of activity which tested the capacity of the market to absorb the issues offered. A cutback of \$40 million in the size of one large corporate issue while in distribution did, in fact, occur. Some easing of monetary conditions probably influenced long-term borrowing in the quarter, although the largest reductions in interest rates occurred in the short-term end of the market. The relatively heavy demand for long-term capital might have encouraged Canadians to turn to foreign sources to meet their borrowing requirements, however, voluntary restraint practised by Canadians in borrowing funds abroad continued to have an effect. The \$278 million inflow during the quarter (which included net proceeds from the United States of \$127 million resulting from delayed delivery of bonds offered in earlier periods) was markedly less than the \$2 billion annual rate which prevailed prior to mid-1970.

New Issues of Canadian Bonds Sold to
United States Residents

Period	Offer- ings	De- liveries	Unde- livered(1)
millions of dollars			
1969	1,145	1,288	771
1970	656	1,004	423
1970 I Q	361	420	712
II Q	26	134	604
III Q	189	281	512
IV Q	80	169	423
1971 I Q	55	182	296

(1) At end of period.

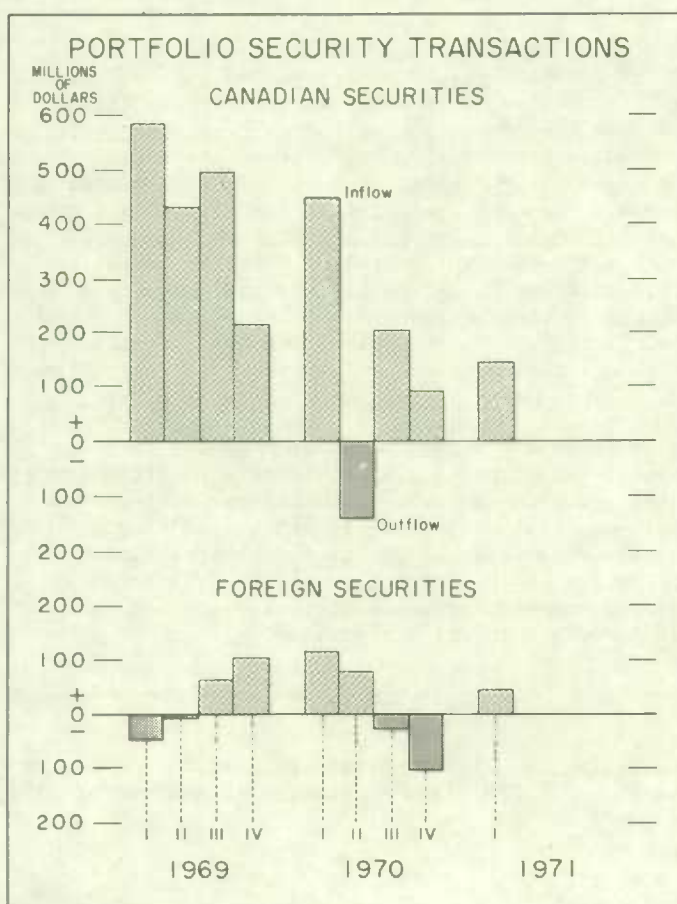
Borrowing abroad by provincial governments and their agencies increased as deliveries of direct and guaranteed provincial issues rose to \$197 million from \$18 million in the fourth quarter of 1970. The inflow from corporate issues was down to \$68 million from the fourth quarter estimate of \$169 million. However, the fourth quarter figure included refinancing of a large outstanding bank debt by a bond issue, and resulted in an offsetting effect with no net movement of funds in the balance of payments. Access of Canadian borrowers to United States capital markets under existing arrangements was continued by the maintenance of an exemption for Canadian new issues when the Interest Equalization Tax legislation was extended in March.

Net purchases of outstanding Canadian securities gave rise to outflows of \$49 million, compared with \$32 million in the previous quarter. Outflows also arose for the retirement of Canadian securities held by non-residents, totalling \$87 million in the first quarter of 1971 as against \$99 million in the fourth quarter of 1970.

Transactions in foreign securities resulted in net long-term inflows of \$42 million, after net outflows of \$103 million in the fourth quarter of 1970. Trading in outstanding issues accounted for \$49 million of total inflows, a swing of \$150 million from the net outflow in the previous quarter. Canadian purchases of new issues of foreign securities gave rise to an outflow of \$10 million, while inflows for the retirement of foreign securities held by Canadians were estimated at \$3 million.

Other Capital Flows in Long-term Forms

Disbursements by the Canadian Government under intergovernmental loan programs totalled over \$23 million in the first quarter of 1971. Geographically, over 75 per cent of these disbursements went to Asia. A subscription to the Caribbean Regional Development Bank amounted to almost \$1 million. Canada received principal repayments of \$8 million on intergovernmental loans extended earlier.



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

Period	Total	By area			By commodity		By source of financing		
		Developed countries	Less developed countries		Wheat	Other commodities	Government	Private	
			Sterling	Non-sterling					
millions of dollars									
Credits extended									
1969	177	1	28	51	97	101	76	149	28
1970	327	1	29	173	124	190	137	172	155
1970 I Q	49	—	6	17	26	32	17	37	12
II Q	77	—	14	27	36	45	32	54	23
III Q	110	—	5	70	35	70	40	47	63
IV Q	91	1	4	59	27	43	48	34	57
1971 I Q	52	6	8	22	16	23	29	41	11
Credits repaid									
1969	168	6	5	41	116	119	49	105	63
1970	191	3	9	44	135	136	55	148	43
1970 I Q	57	1	4	12	40	40	17	46	11
II Q	40	1	1	12	26	26	14	28	12
III Q	43	1	2	9	31	32	11	33	10
IV Q	51	—	2	11	38	38	13	41	10
1971 I Q	25	1	2	12	10	10	15	14	11
Net credits extended									
1969	+ 9	— 5	+ 23	+ 10	— 19	— 18	+ 27	+ 44	— 35
1970	+ 136	— 2	+ 20	+ 129	— 11	+ 54	+ 82	+ 24	+ 112
1970 I Q	— 8	— 1	+ 2	+ 5	— 14	— 8	—	— 9	+ 1
II Q	+ 37	— 1	+ 13	+ 15	+ 10	+ 19	+ 18	+ 26	+ 11
III Q	+ 67	— 1	+ 3	+ 61	+ 4	+ 38	+ 29	+ 14	+ 53
IV Q	+ 40	+ 1	+ 2	+ 48	— 11	+ 5	+ 35	— 7	+ 47
1971 I Q	+ 27	+ 5	+ 6	+ 10	+ 6	+ 13	+ 14	+ 27	—
Credits outstanding									
March 31, 1971	660	11	165	439	45	254	406	458	202

(1) Medium and long-term.

Note: Credits extended represent a capital outflow.

Disbursements of Government of Canada Bilateral Soft Loans, and Subscriptions
and Advances to International Investment Agencies

	1969	1970	1970				1971
			I Q	II Q	III Q	IV Q	I Q
			millions of dollars				
Sterling area:							
Western Hemisphere	3	5	1	2	1	1	1
Africa	2	6	1	1	1	3	1
Asia	48	94	20	28	30	16	18
Non-sterling area:							
Western Hemisphere	4	7	1	1	2	1	2
Other	2	1	—	—	—	1	1
International investment agencies	30	29	2	27	1	1	1
Totals	89	142	25	59	35	23	24

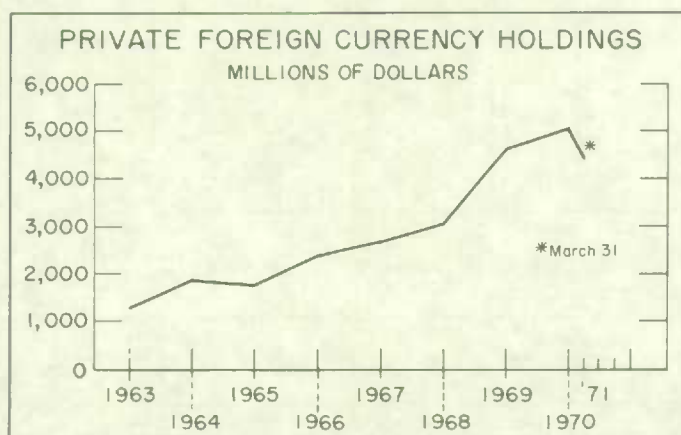
Transactions during the quarter arising from the financing of medium and long-term export credits extended from Canada directly or indirectly at the risk of the Government led to a net capital outflow of \$27 million or \$13 million less than the preceding quarterly amount of \$40 million. Net disbursements outstanding totalled \$660 million by the end of the first quarter.

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 \$12 million, well down from outflows of \$150 million in the fourth quarter of 1970.

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 \$363 million in the first quarter of 1971 some \$85 million less than in the previous quarter.

Canadian dollar deposits of non-residents rose by \$51 million in the quarter. Residents of the United States, the United Kingdom, and all other countries increased their holdings by \$34 million, \$5 million and \$12 million, respectively. Government of Canada demand liabilities in the form of interest free demand notes issued to international investment agencies rose by less than half a million dollars during the quarter.



A decrease by Canadian residents of their holdings of foreign currency bank balances and other short-term funds abroad produced a large net capital inflow of \$568 million. A principal factor in this movement was the reduction of Canadian holdings of swapped deposits which fell significantly by \$459 million to \$1,231 million at the end of the quarter.

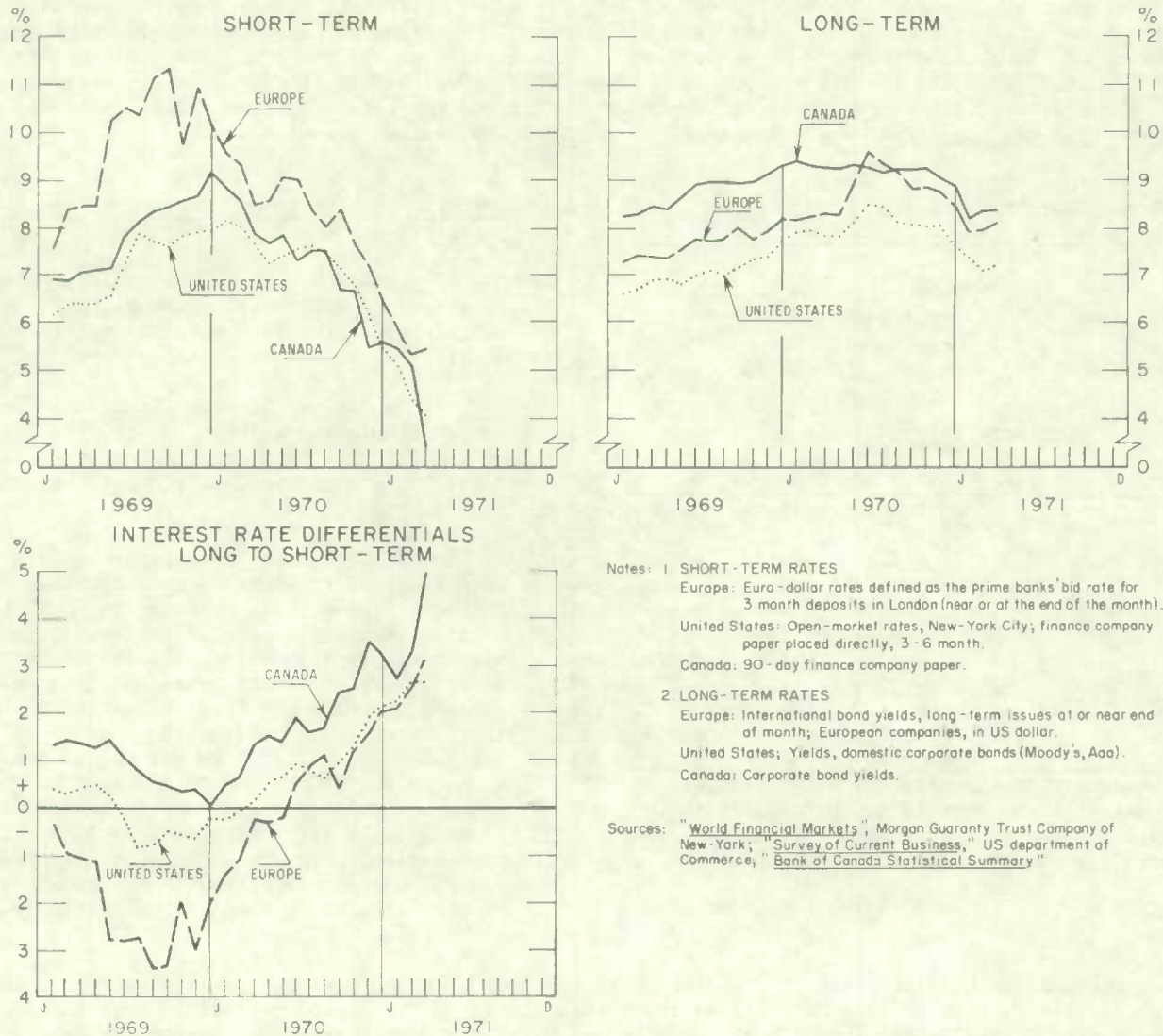
Foreign investment in Canadian money market paper fell by \$136 million in the first quarter of 1971, a swing of \$289 million from the fourth quarter inflow of \$153 million. This reduction followed a substantial build-

up of non-resident investment in these instruments which started in the spring of 1970 when the premium on the forward Canadian dollar helped to encourage inward arbitrage movements. Interest rates dipped sharply during the quarter as the Bank Rate was lowered in two stages from 6 per cent to 5 1/4 per cent, while the yield on Government of Canada 91-day treasury bills fell to 2.99 per cent in mid-March, the lowest level in over nine years. A downward trend in interest rates also occurred in the United

States, and on an unhedged basis short-term yields there were generally lower than in Canada. This differential was, for most of the quarter, slightly more than offset by a discount on the forward Canadian dollar and in the absence of any positive inducement to non-residents to engage in arbitrage transactions, was consistent with the run-down of foreign investment. Uncertainty about some foreign currencies was an additional factor affecting the international movement of funds. A temporary reversal of the trend towards lower interest rates in Canada occurred in February, increasing the hedged return on investment in Canada and coinciding with inflows during the month from net sales of Canadian paper to non-residents.

Non-resident holdings of Government of Canada treasury bills increased by \$1 million during the quarter, after a reduction of \$14 million in the fourth quarter of 1970. Although the value of securities traded in most classes of paper was down from the previous year's levels, the decline in treasury bills was especially marked: gross sales of \$31 million in the first quarter of 1971 compared with an average quarterly rate of approximately \$200 million in 1970.

REPRESENTATIVE INTEREST RATES



Transactions in finance company paper resulted in a net outflow of \$57 million, compared with a net inflow of \$34 million in the fourth quarter of 1970. The United States was the recipient of \$22 million of the outflow, the United Kingdom of \$9 million, and other countries (including international institutions) of \$26 million.

Substantial inflows in the fourth quarter of 1970 resulting from unusually heavy trading in commercial paper and "Other" short-term paper (including notes of banks, mortgage loan companies, and junior levels of government) were only partially reversed in the first quarter of 1971. First quarter outflows of \$37 million for the net re-purchase or redemption of commercial paper compared with net sales of \$72 million in the previous period, while a net outflow of \$43 million in "Other" short-term paper was again significantly less than the \$61 million net inflow in the fourth quarter of 1970.

There was an increase in non-resident claims on Canadian finance companies in the form of bank loans and inter-company accounts totalling \$8 million in the first quarter.

All other transactions led to a net capital outflow of \$854 million. Canadian dollar deposits placed by Canadian institutions in overseas banks rose sharply during the quarter and accounted for a major part of the \$298 million outflow in Canadian dollar claims on non-residents. However, early in March, the Bank of Canada indicated that these transfers of Canadian dollar deposits to countries except the United States were to be regarded as subject to the guidelines covering operations in foreign currency introduced in 1968. Short-term foreign currency bank borrowings by Canadians led to a small net inflow of \$26 million compared to an outflow of \$156 million in the preceding quarter. Other identified items included in this account show large outflows related to intercompany accounts receivable. However the largest component in the first quarter was the balancing item representing the difference between the direct measurements of the current and capital accounts.

Other Short-term Capital Transactions

Period	Char- tered bank Can- dian dollar claims on non- resi- dents	Short-term foreign currency bank borrowing by Canadians	Other(1)	Total
	millions of dollars			
1970	- 38	+ 204	- 544	- 378
1970 I Q	+ 38	- 41	- 402	- 405
II Q	- 10	+ 227	+ 95	+ 312
III Q	+ 2	+ 174	- 104	+ 72
IV Q	- 68	- 156	- 133	- 357
1971 I Q	- 298	+ 26	- 582	- 854

(1) Includes inter-company and other accounts receivable and payable and balancing item representing the difference between recorded measures of current and capital accounts.

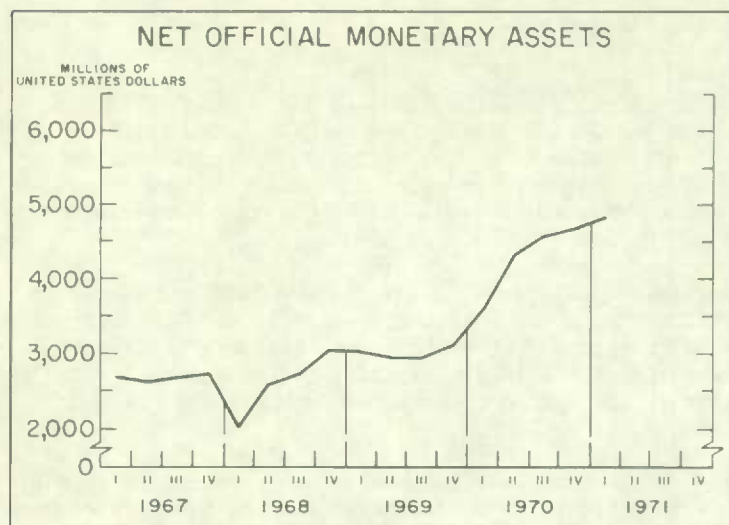
Official International Monetary Assets and Liabilities

Canada's net official monetary assets totalled US \$4,845 million on March 31, 1971, an increase of US \$166 million over the quarter.

On January 1, 1971, Canada elected to accept its second allocation (US \$118 million) of Special Drawing Rights, bringing Canada's total SDR's to US \$300 million at the end of the quarter.

Other changes affecting Canada's international reserves were an increase in United States dollars holdings of US \$131 million over the quarter, increases of slightly less than half a million in both other convertible currencies and gold and a decrease in Canada's reserve position with the International Monetary Fund of US \$83 million. The latter item was due to repayments to the IMF by the United Kingdom and other countries for previous purchases leaving Canada's IMF position at US \$586 million. In Canadian dollar terms these transactions led to an overall increase during the quarter of \$167 million in Canada's net official monetary assets.

The spot value of the Canadian dollar on the foreign exchange markets rose moderately in the quarter reaching a peak in late February as the United States dollar dipped to 100.25 Canadian cents for one United States dollar (the lowest point in ten years). The highest price during the quarter was 101.59 Canadian cents in early January. The spot value of the United States dollar closed the quarter at 100.75 Canadian cents.



The forward Canadian dollar for delivery in 90 days went from a premium of 1.129 per cent (rate per annum) at the end of February to reach a discount of about .28 per cent in the second half of March. A premium on the forward Canadian dollar increases a non-resident's yield on a Canadian dollar investment on a hedged basis while a discount reduces the total return.

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				
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
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
1971 I Q	101.59	100.25	100.75	100.84	243.46	18.28	27.76	23.45	.2820
January	101.59	100.75	100.84	101.16	243.39	18.33	27.82	23.50	.2826
February	100.94	100.25	100.69	100.75	243.60	18.26	27.75	23.44	.2819
March	100.88	100.28	100.75	100.63	243.40	18.25	27.71	23.40	.2816

(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.

THE SYSTEM OF NATIONAL ACCOUNTS

In Canada, the National Accounts have been developed since the close of the Second World War in a series of publications relating to their constituent parts. These have now reached a stage of evolution where they can be termed a "System of National Accounts". For purposes of identification, all publications (containing tables of statistics, descriptions of conceptual frameworks, and descriptions of sources and methods) which make up this System will now carry the term "System of National Accounts" as a general title.

The System of National Accounts in Canada consists of several parts. The annual and quarterly Income and Expenditure Accounts (included with Catalogue Nos. carrying the prefix 13) were, historically speaking, the first set of statistics to be referred to with the title "National Accounts" (National Accounts, Income and Expenditure). The Balance of International Payments data, (Catalogue Nos. with prefix 67), in their more summary form are also part of the System of National Accounts and they, in fact, pre-date the Income and Expenditure Accounts.

Greatly expanded structural detail on industries and on goods and services is portrayed in the Input-Output Tables of the System (Catalogue Nos. with prefix 15). The Indexes of Real Domestic Product by Industry (included with Catalogue Nos. carrying the prefix 61) provide "constant dollar" measures of the contribution of each industry to gross domestic product at factor cost. Inputs and outputs are related in Productivity Studies (Catalogue Nos. with prefix 14).

Both the Input-Output Tables and Indexes of Real Domestic Product by Industry use the establishment as the primary unit of industrial production. Measures of financial transactions are provided by the Financial Flow Accounts (Catalogue Nos. with prefix 13). Types of lenders and financial instruments are the primary detail in these statistics, and the legal entity is the main unit of classification of transactors. Also, provision is made in the System for incorporation of balance sheet (wealth) estimates when such data are sufficiently developed.

The System of National Accounts provides an overall conceptually integrated framework in which the various parts can be considered as interrelated sub-systems. At present, direct comparisons amongst those parts which use the establishment as the basic unit and those which use the legal entity can be carried out only at highly aggregated levels of data. However, the Dominion Bureau of Statistics is continuing research on enterprise-company-establishment relationships; it may eventually be feasible to reclassify the data which are on one basis (say the establishment basis) to correspond to the units employed on another (the company or the enterprise basis).

In its broad outline, the Canadian System of National Accounts bears a close relationship to the international standard as described in the United Nations publication, "A System of National Accounts" (Studies in Methods, Series F., No. 2, Rev. 3, Statistical Office, Department of Economic and Social Affairs, United Nations, New York, 1968). In the future, a document on the conceptual framework of the Canadian System of National Accounts will be prepared for publication by the Dominion Bureau of Statistics. This document will furnish the broad theoretical outline of the System. The finer conceptual details, the statistical tables, and the descriptions of sources and methods as they pertain to the individual parts of the System, will appear in the various regular and occasional publications relating to those parts.

A reconciliation statement of the current account of the Canadian balance of payments and exports and imports of goods and services as used in the Income and Expenditure Accounts is shown in Table 7.

STATISTICS OF THE CANADIAN
BALANCE OF INTERNATIONAL PAYMENTS

TABLES

TABLE 1. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS(1)

Current Account

Line No.	Acct. No.	Item	1969				1970	
			I	II	III	IV	I	II
			millions of dollars					
	A	<u>Current receipts</u>						
1	1	Merchandise exports (adjusted)(2)	3,467	3,809	3,545	4,053	3,936	4,525
		Service receipts						
2	3	Gold production available for export	31	28	27	22	25	26
3	4	Travel	86	250	581	157	107	292
4	5	Interest and dividends	88	112	85	129	112	121
5	6	Freight and shipping	203	241	235	257	234	270
6	(part)11	Other service receipts	291	307	308	329	337	349
7		Total service receipts	699	938	1,236	894	815	1,058
8		Sub-totals, exports of goods and services	4,166	4,747	4,781	4,947	4,751	5,583
		Transfer receipts						
9	7	Inheritances and immigrants' funds	62	100	109	92	72	101
10	(part)11	Personal and institutional remittances(3)	22	23	23	23	24	24
11	12	Total current receipts	4,250	4,870	4,913	5,062	4,847	5,708
	B	<u>Current payments</u>						
12	1	Merchandise imports (adjusted)(2)	3,230	3,718	3,312	3,754	3,305	3,875
		Service payments						
13	4	Travel	268	341	476	207	299	373
14	5	Interest and dividends	298	318	294	435	388	352
15	6	Freight and shipping	207	267	251	266	225	262
16	(part)11	Other service payments	410	416	424	444	456	455
17		Total service payments	1,183	1,342	1,445	1,352	1,368	1,442
18		Sub-totals, imports of goods and services	4,413	5,060	4,757	5,106	4,673	5,317
		Transfer payments						
19	7	Inheritances and emigrants' funds	40	44	58	52	42	49
20	(part)11	Personal and institutional remittances(3)	45	42	42	43	46	48
21	9	Official contributions	16	49	46	33	31	42
22	12	Total current payments	4,514	5,195	4,903	5,234	4,792	5,456
	C	<u>Current account balance</u>						
23	1	Merchandise trade	+ 237	+ 91	+ 233	+ 299	+ 631	+ 650
		Service transactions						
24		Gold production available for export	+ 31	+ 28	+ 27	+ 22	+ 25	+ 26
25		Travel	- 182	- 91	+ 105	- 50	- 192	- 81
26		Interest and dividends	- 210	- 206	- 209	- 306	- 276	- 231
27		Freight and shipping	- 4	- 26	- 16	- 9	+ 9	+ 8
28		Other service transactions	- 119	- 109	- 116	- 115	- 119	- 106
29		Balance on service transactions	- 484	- 404	- 209	- 458	- 553	- 384
30		Balance on goods and services	- 247	- 313	+ 24	- 159	+ 78	+ 266
31		Net transfers	- 17	- 12	- 14	- 13	- 23	- 14
32	4	Total current account balance	- 264	- 325	+ 10	- 172	+ 55	+ 252

(1) Data for 1968, 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

1970		1971				1969	1970	Four quarters ended I Q 1971	Acct. No.	Line No.
III	IV	I	II	III	IV					
millions of dollars										
4,048	4,332	4,099				14,874	16,841	17,004	A 1	1
22	22	22				108	95	92	3	2
641	179	113				1,074	1,219	1,225	4	3
123	157	137				414	513	538	5	4
274	270	243				936	1,048	1,057	6	5
352	339	329				1,235	1,377	1,369	(part)11	6
1,412	967	844				3,767	4,252	4,281		7
5,460	5,299	4,943				18,641	21,093	21,285		8
122	93	89				363	388	405	7	9
25	26	29				91	99	104	(part)11	10
5,607	5,418	5,061				19,095	21,580	21,794	12	11
									B	
3,317	3,342	3,399				14,014	13,839	13,933	1	12
552	230	314				1,292	1,454	1,469	4	13
353	431	372				1,345	1,524	1,508	5	14
265	260	232				991	1,012	1,019	6	15
458	489	468				1,694	1,858	1,870	(part)11	16
1,628	1,410	1,386				5,322	5,848	5,866		17
4,945	4,752	4,785				19,336	19,687	19,799		18
62	58	41				194	211	210	7	19
43	47	55				172	184	193	(part)11	20
79	49	38				144	201	208	9	21
5,129	4,906	4,919				19,846	20,283	20,410	12	22
									C	
+ 731	+ 990	+ 700				+ 860	+ 3,002	+ 3,071	1	23
+ 22	+ 22	+ 22				+ 108	+ 95	+ 92		24
+ 89	- 51	- 201				- 218	- 235	- 244		25
- 230	- 274	- 235				- 931	- 1,011	- 970		26
+ 9	+ 10	+ 11				- 55	+ 36	+ 38		27
- 106	- 150	- 139				- 459	- 481	- 501		28
- 216	- 443	- 542				- 1,555	- 1,596	- 1,585		29
+ 515	+ 547	+ 158				- 695	+ 1,406	+ 1,486		30
- 37	- 35	- 16				- 56	- 109	- 102		31
+ 478	+ 512	+ 142				- 751	+ 1,297	+ 1,384	4	32

(3) 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.

NOTE: Final revisions for 1970 travel expenditures will be published in the second quarter 1971 report.

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

Capital Account(4)

Line No.	Acct. No.	Item	1969				1970	
			I	II	III	IV	I	II
			millions of dollars					
	D							
		Direct investment(5)						
33	1	In Canada	+ 156	+ 233	+ 79	+ 187	+ 200	+ 155
34	2	Abroad	- 52	- 103	- 25	- 75	- 150	- 20
		Portfolio transactions						
		Canadian securities						
35	3.1	Outstanding bonds	+ 17	- 6	- 12	+ 3	+ 4	- 26
36	3.2	Outstanding stocks	+ 37	+ 44	- 4	- 24	- 4	- 83
37	4	New issues	+ 616	+ 516	+ 565	+ 370	+ 535	+ 208
38	5	Retirements	- 84	- 124	- 53	- 135	- 87	- 239
		Foreign securities						
39	6	Outstanding issues	- 50	- 6	+ 65	+ 105	+ 116	+ 82
40	7	New issues	- 11	- 21	- 5	- 6	- 5	- 5
41	8	Retirements	+ 11	+ 19	+ 2	+ 3	+ 2	+ 2
		Loans and subscriptions - Government of Canada						
42	9	Advances	- 11	- 43	- 15	- 20	- 25	- 59
43	10	Repayments	-	+ 2	-	+ 20	-	+ 7
44	11	Columbia River Treaty	-	-	-	+ 32	-	-
45	12	Export credits directly or indirectly at risk of the Government of Canada	- 13	- 30	+ 7	+ 27	+ 9	- 37
46	13	Other long-term capital transactions	- 56	+ 51	- 8	+ 82	+ 50	- 19
47	E 1	Balance of capital movements in long-term forms (lines 33-46)	+ 560	+ 532	+ 596	+ 569	+ 644	- 44
48	D 17.1	Resident holdings of foreign bank balances and other short-term funds abroad	- 156	- 568	- 621	- 259	+ 206	- 5
		Non-resident holdings of Canadian:						
49	14.1	Dollar deposits	- 11	+ 25	- 4	+ 50	+ 26	+ 33
50	14.2	Government demand liabilities	- 2	- 30	+ 1	- 3	- 2	+ 27
51	14.3	Treasury bills	+ 13	- 10	+ 13	+ 19	- 9	- 6
52	17.2a	Commercial paper	- 1	+ 23	- 15	+ 35	+ 7	- 7
53	17.3	Finance company paper	+ 159	+ 71	- 71	+ 17	- 75	+ 174
54	17.2b	Other short-term paper	- 2	- 21	- 5	+ 25	- 1	- 29
55	17.4	Other finance company obligations	+ 23	+ 28	+ 3	+ 62	- 52	+ 74
56	17.5	Other short-term capital transactions(6)	- 357	+ 221	+ 88	- 181	- 405	+ 312
57	E 2	Balance of capital movements in short-term forms (lines 48-56)	- 334	- 261	- 611	- 235	- 305	+ 573
58	E 3	Total net capital balance	+ 226	+ 271	- 15	+ 334	+ 339	+ 529
59		Allocation of Special Drawing Rights .....	...	...	...	...	+ 133	-
	H	Net official monetary assets(7):						
60	4	Official international reserves	- 38	- 54	- 5	+ 162	+ 527	+ 781
61	5	Official monetary liabilities	-	-	-	-	-	-
62	6	Net official monetary assets	- 38	- 54	- 5	+ 162	+ 527	+ 781

(4) A minus sign in Accounts D and E equals 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)

1970		1971				1969	1970	Four quarters ended 1 Q 1971	Acct. No.	Line No.
III	IV	I	II	III	IV					
millions of dollars										
									D	
+ 115	+ 290	+ 285				+ 655	+ 760	+ 845	1	33
+ 15	- 60	- 145				- 255	- 215	- 210	2	34
- 17	- 1	- 6				+ 2	- 40	- 50	3.1	35
- 37	- 31	- 43				+ 53	- 155	- 194	3.2	36
+ 304	+ 222	+ 278				+ 2,067	+ 1,269	+ 1,012	4	37
- 49	- 99	- 87				- 396	- 474	- 474	5	38
- 20	- 101	+ 49				+ 114	+ 77	+ 10	6	39
- 10	- 5	- 10				- 43	- 25	- 30	7	40
+ 2	+ 3	+ 3				+ 35	+ 9	+ 10	8	41
- 35	- 23	- 24				- 89	- 142	- 141	9	42
-	+ 29	+ 8				+ 22	+ 36	+ 44	10	43
-	+ 31	-				+ 32	+ 31	+ 31	11	44
- 67	- 40	- 27				- 9	- 136	- 171	12	45
- 52	- 150	- 12				+ 69	- 181	- 243	13	46
+ 149	+ 65	+ 269				+ 2,257	+ 814	+ 439	E 1	47
- 470	- 107	+ 568				- 1,604	- 376	- 14	D 17.1	48
+ 7	- 39	+ 51				+ 60	+ 27	+ 52	14.1	49
+ 1	- 37	-				- 34	- 11	- 9	14.2	50
- 44	- 14	+ 1				+ 35	- 73	- 63	14.3	51
- 20	+ 72	- 37				+ 42	+ 52	+ 8	17.2a	52
+ 75	+ 34	- 57				+ 176	+ 208	+ 226	17.3	53
+ 18	+ 61	- 43				- 3	+ 49	+ 7	17.2b	54
- 40	- 61	+ 8				+ 116	- 79	- 19	17.4	55
+ 72	- 357	- 854				- 229	- 378	- 827	17.5	56
- 401	- 448	- 363				- 1,441	- 581	- 639	E 2	57
- 252	- 383	- 94				+ 816	+ 233	- 200	E 3	58
-	-	+ 119				...	+ 133	+ 119		59
+ 225	+ 129	+ 167				+ 65	+ 1,662	+ 1,302	H 4	60
+ 1	-	-				-	+ 1	+ 1	5	61
+ 226	+ 129	+ 167				+ 65	+ 1,663	+ 1,303	6	62

(5) Includes balancing item representing difference between recorded 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.

TABLE 2. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

Current Account — Seasonally Adjusted

Line No.	Acct. No.	Item	1962			
			I	II	III	IV
			millions of dollars			
	A	<u>Current receipts</u>				
1	1	Merchandise exports (adjusted)(1)	3,718	3,614	3,637	3,905
		Service receipts				
2	3	Gold production available for export	30	28	27	23
3	4	Travel	255	268	263	288
4	5	Interest and dividends	97	115	103	99
5	6	Freight and shipping	230	235	225	246
6	(part)11	Other service receipts	283	298	312	342
7		Total service receipts	895	944	930	998
8		Sub-totals, exports of goods and services	4,613	4,558	4,567	4,903
		Transfer receipts				
9	7	Inheritances and immigrants' funds	88	90	86	99
10	(part)11	Personal and institutional remittances(2)	22	23	23	23
11	12	Total current receipts	4,723	4,671	4,676	5,025
	B	<u>Current payments</u>				
12	1	Merchandise imports (adjusted)(1)	3,448	3,450	3,503	3,613
		Service payments				
13	4	Travel	304	323	343	321
14	5	Interest and dividends	325	335	333	351
15	6	Freight and shipping	241	256	239	255
16	(part)11	Other service payments	399	413	432	450
17		Total service payments	1,269	1,327	1,347	1,379
18		Sub-totals, imports of goods and services	4,717	4,777	4,850	4,992
		Transfer payments				
19	7	Inheritances and emigrants' funds	48	48	49	49
20	(part)11	Personal and institutional remittances(2)	43	41	43	45
21	9	Official contributions	29	37	38	40
22	12	Total current payments	4,837	4,903	4,980	5,126
	C	<u>Current account balance</u>				
23	1	Merchandise trade	+ 270	+ 164	+ 134	+ 292
		Service transactions				
24		Gold production available for export	+ 30	+ 28	+ 27	+ 23
25		Travel	- 49	- 55	- 80	- 34
26		Interest and dividends	- 228	- 220	- 230	- 253
27		Freight and shipping	- 11	- 21	- 14	- 9
28		Other service transactions	- 116	- 115	- 120	- 108
29		Total service transactions	- 374	- 383	- 417	- 381
30		Balance on goods and services	- 104	- 219	- 283	- 89
31		Net transfers	- 10	- 13	- 21	- 12
32	4	Total current account balance	- 114	- 232	- 304	- 101

(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

1970				1971				Acct. No.	Line No.
I	II	III	IV	I	II	III	IV		
millions of dollars									
								A	
4,246	4,207	4,206	4,182	4,347				1	1
24	26	22	23	21				3	2
306	302	291	320	326				4	3
121	126	142	124	151				5	4
264	264	262	258	273				6	5
326	339	358	354	320				(part) 11	6
1,041	1,057	1,075	1,079	1,091					7
5,287	5,264	5,281	5,261	5,438					8
101	92	96	99	123				7	9
24	24	25	26	30				(part) 11	10
5,412	5,380	5,402	5,386	5,591				12	11
								B	
3,505	3,591	3,526	3,217	3,613				1	12
339	360	386	369	353				4	13
414	365	391	354	398				5	14
260	251	253	248	268				6	15
441	453	469	495	455				(part) 11	16
1,454	1,429	1,499	1,466	1,474					17
4,959	5,020	5,025	4,683	5,087					18
51	53	53	54	49				7	19
44	47	45	48	52				(part) 11	20
43	34	68	56	51				9	21
5,097	5,154	5,191	4,841	5,239				12	22
								C	
+ 741	+ 616	+ 680	+ 965	+ 734				1	23
+ 24	+ 26	+ 22	+ 23	+ 21					24
- 33	- 58	- 95	- 49	- 27					25
- 293	- 239	- 249	- 230	- 247					26
+ 4	+ 13	+ 9	+ 10	+ 5					27
- 115	- 114	- 111	- 141	- 135					28
- 413	- 372	- 424	- 387	- 383					29
+ 328	+ 244	+ 256	+ 578	+ 351					30
- 13	- 18	- 45	- 33	+ 1					31
+ 315	+ 226	+ 211	+ 545	+ 352				4	32

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	1969				1970	
		I	II	III	IV	I	II
		millions of dollars					
	<u>United States</u>						
1	Merchandise exports (adjusted)	2,459	2,666	2,436	2,938	2,639	2,981
2	Non-merchandise receipts(1,4)	457	658	946	604	510	715
3	Total current receipts	2,916	3,324	3,382	3,542	3,149	3,696
4	Merchandise imports (adjusted)	2,454	2,677	2,290	2,711	2,464	2,799
5	Non-merchandise payments(1)	880	989	1,018	986	979	1,023
6	Total current payments	3,334	3,666	3,308	3,697	3,443	3,822
	Balance						
7	Merchandise trade	+ 5	- 11	+ 146	+ 227	+ 175	+ 182
8	Non-merchandise trade	- 423	- 331	- 72	- 382	- 469	- 308
9	Current account balance	- 418	- 342	+ 74	- 155	- 294	- 126
	Capital movements(2)						
10	In long-term forms	+ 376	+ 357	+ 467	+ 432	+ 563	+ 104
11	In short-term forms	- 160	+ 277	- 498	- 159	- 151	+ 436
12	Total net capital balance	+ 216	+ 634	- 31	+ 273	+ 412	+ 540
	<u>United Kingdom</u>						
13	Merchandise exports (adjusted)	289	290	272	269	335	415
14	Non-merchandise receipts(1)	112	133	140	148	139	155
15	Total current receipts	401	423	412	417	474	570
16	Merchandise imports (adjusted)	172	231	203	180	168	201
17	Non-merchandise payments(1)	105	136	174	129	128	160
18	Total current payments	277	367	377	309	296	361
	Balance						
19	Merchandise trade	+ 117	+ 59	+ 69	+ 89	+ 167	+ 214
20	Non-merchandise trade	+ 7	- 3	- 34	+ 19	+ 11	- 5
21	Current account balance	+ 124	+ 56	+ 35	+ 108	+ 178	+ 209
	Capital movements(2)						
22	In long-term forms	+ 10	+ 11	- 24	+ 59	+ 65	+ 55
23	In short-term forms	- 348	- 654	- 275	- 76	- 55	- 79
24	Total net capital balance	- 338	- 643	- 299	- 17	+ 10	- 24
	<u>Rest of the Sterling Area</u>						
25	Merchandise exports (adjusted)	142	155	165	156	181	186
26	Non-merchandise receipts(1)	51	72	79	71	59	67
27	Total current receipts	193	227	244	227	240	253
28	Merchandise imports (adjusted)	95	151	168	173	108	189
29	Non-merchandise payments(1)	53	76	62	58	67	68
30	Total current payments	148	227	230	231	175	257
	Balance						
31	Merchandise trade	+ 47	+ 4	- 3	- 17	+ 73	- 3
32	Non-merchandise trade	- 2	- 4	+ 17	+ 13	- 8	- 1
33	Current account balance	+ 45	-	+ 14	- 4	+ 65	- 4

See footnotes at the end of table.

TABLE 3. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

By Area

1970		1971				1969	1970	Four quarters ended 1 Q 1971	No.
III	IV	I	II	III	IV				
millions of dollars									
2,529	2,804	2,797				10,499	10,953	11,111	1
1,066	634	549				2,665	2,925	2,964	2
3,595	3,438	3,346				13,164	13,878	14,075	3
2,284	2,264	2,489				10,132	9,811	9,836	4
1,101	1,026	1,002				3,873	4,129	4,152	5
3,385	3,290	3,491				14,005	13,940	13,988	6
+ 245	+ 540	+ 308				+ 367	+ 1,142	+ 1,275	7
- 35	- 392	- 453				- 1,208	- 1,204	- 1,188	8
+ 210	+ 148	- 145				- 841	- 62	+ 87	9
+ 212	+ 79	+ 258				+ 1,632	+ 958	+ 653	10
- 399	- 129	+ 134				- 540	- 243	+ 42	11
- 187	- 50	+ 392				+ 1,092	+ 715	+ 695	12
368	386	319				1,120	1,504	1,488	13
163	170	120				533	627	608	14
531	556	439				1,653	2,131	2,096	15
181	182	172				786	732	736	16
210	137	119				544	635	626	17
391	319	291				1,330	1,367	1,362	18
+ 187	+ 204	+ 147				+ 334	+ 772	+ 752	19
- 47	+ 33	+ 1				- 11	- 8	- 18	20
+ 140	+ 237	+ 148				+ 323	+ 764	+ 734	21
+ 36	- 7	+ 15				+ 56	+ 149	+ 99	22
+ 251	- 362	- 322				- 1,353	- 245	- 512	23
+ 287	- 369	- 307				- 1,297	- 96	- 413	24
215	203	171				618	785	775	25
79	68	74				273	273	288	26
294	271	245				891	1,058	1,063	27
159	173	100				587	629	621	28
93	74	66				249	302	301	29
252	247	166				836	931	922	30
+ 56	+ 30	+ 71				+ 31	+ 156	+ 154	31
- 14	- 6	+ 8				+ 24	- 29	- 13	32
+ 42	+ 24	+ 79				+ 55	+ 127	+ 141	33

TABLE 3. CANADIAN BALANCE OF INTERNATIONAL PAYMENTS - Continued

By Area

No.	Item	1969				1970	
		I	II	III	IV	I	II
		millions of dollars					
	<u>Other OECD (Europe)(3)</u>						
34	Merchandise exports (adjusted)	263	315	305	320	351	419
35	Non-merchandise receipts(1)	64	87	90	79	92	106
36	Total current receipts	327	402	395	399	443	525
37	Merchandise imports (adjusted)	214	311	283	314	238	317
38	Non-merchandise payments(1)	152	176	217	197	189	207
39	Total current payments	366	487	500	511	427	524
	Balance						
40	Merchandise trade	+ 49	+ 4	+ 22	+ 6	+ 113	+ 102
41	Non-merchandise trade	- 88	- 89	- 127	- 118	- 97	- 101
42	Current account balance	- 39	- 85	- 105	- 112	+ 16	+ 1
	<u>Other Countries</u>						
43	Merchandise exports (adjusted)	314	383	367	370	430	524
44	Non-merchandise receipts(1)	68	83	86	85	86	114
45	Total current receipts	382	466	453	455	516	638
46	Merchandise imports (adjusted)	295	348	368	376	327	369
47	Non-merchandise payments(1)	94	100	120	110	124	123
48	Total current payments	389	448	488	486	451	492
	Balance						
49	Merchandise trade	+ 19	+ 35	- 1	- 6	+ 103	+ 155
50	Non-merchandise trade	- 26	- 17	- 34	- 25	- 38	- 9
51	Current account balance	- 7	+ 18	- 35	- 31	+ 65	+ 146
	<u>All Countries</u>						
52	Merchandise exports (adjusted)	3,467	3,809	3,545	4,053	3,936	4,525
53	Non-merchandise receipts(1, 4)	783	1,061	1,368	1,009	911	1,183
54	Total current receipts	4,250	4,870	4,913	5,062	4,847	5,708
55	Merchandise imports (adjusted)	3,230	3,718	3,312	3,754	3,305	3,875
56	Non-merchandise payments(1)	1,284	1,477	1,591	1,480	1,487	1,581
57	Total current payments	4,514	5,195	4,903	5,234	4,792	5,456
	Balance						
58	Merchandise trade	+ 237	+ 91	+ 233	+ 299	+ 631	+ 650
59	Non-merchandise trade	- 501	- 416	- 223	- 471	- 576	- 398
60	Current account balance	- 264	- 325	+ 10	- 172	+ 55	+ 252
	Capital movements						
61	In long-term forms	+ 560	+ 532	+ 596	+ 569	+ 644	- 44
62	In short-term forms	- 334	- 261	- 611	- 235	- 305	+ 573
63	Total net capital balance	+ 226	+ 271	- 15	+ 334	+ 339	+ 529
64	Allocation of Special Drawing Rights .....	...	...	...	...	+ 133	-
65	Change in net official monetary assets	- 38	- 54	- 5	+ 162	+ 527	+ 781

(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. CREDIT BALANCE OF INTERNATIONAL PAYMENTS - Concluded

By Area

1970		1971				1969	1970	Four quarters ended 1 Q 1971	No.
III	IV	I	II	III	IV				
millions of dollars									
388	458	386				1,203	1,616	1,651	34
112	92	91				320	402	401	35
500	550	477				1,523	2,018	2,052	36
311	330	276				1,122	1,196	1,234	37
259	196	206				742	851	868	38
570	526	482				1,864	2,047	2,102	39
+ 77	+ 128	+ 110				+ 81	+ 420	+ 417	40
- 147	- 104	- 115				- 422	- 449	- 467	41
- 70	+ 24	- 5				- 341	- 29	- 50	42
548	481	426				1,434	1,983	1,979	43
117	100	106				322	417	437	44
665	581	532				1,756	2,400	2,416	45
382	393	362				1,387	1,471	1,506	46
149	131	127				424	527	530	47
531	524	489				1,811	1,998	2,036	48
+ 166	+ 88	+ 64				+ 47	+ 512	+ 473	49
- 32	- 31	- 21				- 102	- 110	- 93	50
+ 134	+ 57	+ 43				- 55	+ 402	+ 380	51
4,048	4,332	4,099				14,874	16,841	17,004	52
1,559	1,086	962				4,221	4,739	4,790	53
5,607	5,418	5,061				19,095	21,580	21,794	54
3,317	3,342	3,399				14,014	13,839	13,933	55
1,812	1,564	1,520				5,832	6,444	6,477	56
5,129	4,906	4,919				19,846	20,283	20,410	57
+ 731	+ 990	+ 700				+ 860	+ 3,002	+ 3,071	58
- 253	- 478	- 558				- 1,611	- 1,705	- 1,687	59
+ 478	+ 512	+ 142				- 751	+ 1,297	+ 1,384	60
+ 149	+ 65	+ 269				+ 2,257	+ 814	+ 439	61
- 401	- 448	- 363				- 1,441	- 581	- 639	62
- 252	- 383	- 94				+ 816	+ 233	- 200	63
-	-	+ 119				...	+ 133	+ 119	64
+ 226	+ 129	+ 167				+ 65	+ 1,663	+ 1,303	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.

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

No.	Item	1969				1970	
		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	1,918	1,758	1,668	1,744	2,057	2,770
2	Other convertible currencies	9	15	14	12	14	17
3	Monetary gold	863	866	872	872	879	880
4	Special Drawing Rights .....	...	...	...	...	133	143
5	Reserve position in IMF	221	322	402	478	515	523
6	Total official international reserves(1)	3,011	2,961	2,956	3,106	3,598	4,333
	<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	-	-	-	-	-	-
10	Total official monetary liabilities	1	1	1	1	1	1
11	Net official monetary assets	3,010	2,960	2,955	3,105	3,597	4,332
		Change in millions of Canadian dollars					
	<u>Change in Assets and Liabilities</u>						
12	Total official international reserves(3)	- 38	- 54	- 5	+ 162	+ 52	+ 78
13	Total official monetary liabilities(3)	-	-	-	-	-	-

(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

1970		1971							No.
III	IV	I	II	III	IV	January	February	March	
millions of United States dollars at end of period									
2,905	3,022	3,153				3,025	3,076	3,153	1
13	14	15				13	13	15	2
880	791	791				791	791	791	3
181	182	300				300	300	300	4
574	670	586				670	670	586	5
4,553	4,679	4,845				4,799	4,850	4,845	6
—	—	—				—	—	—	7
—	—	—				—	—	—	8
—	—	—				—	—	—	9
—	—	—				—	—	—	10
4,553	4,679	4,845				4,799	4,850	4,845	11
Change in millions of Canadian dollars									
+ 225	+ 129	+ 167				+ 121	+ 52	— 6	12
+ 1	—	—				—	—	—	13

(3) These totals appear as items H4 and H5 in Table 1.

TABLE 3. 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		
	Subscription to IMF (Quota)	Loans under GAB		Subscription and loans	Foreign currencies		Canadian dollars			Other	
					Drawings by Canada	Re- payments (-)	Drawings by other countries(-)	Re- payments			
millions of United States dollars											
1947-1967	740.0	35.0	775.0	590.0	300.0	- 245.7	- 979.4	615.2	61.5(3)	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
1969 I			740.0				- 15.0			518.8	221.2
II		40.0	780.0	40.0			- 103.5		2.5(3)	457.8	322.2
III		25.5	805.5	25.5			- 87.0	0.8	6.1(3)	403.2	402.3
IV		30.0(5)	835.5				- 88.0	42.4	- 0.2(4)	357.4	478.1
1970 I		24.5	860.0	24.5			- 63.8	18.1	8.8(3)	345.0	511.0
II			860.0				- 29.7	22.2		337.5	522.5
III			860.0				- 87.5		36.4(6)	286.4	571.6
IV	360.0		1,220.0	270.0			- 5.0		- 1.0(4)	550.4	669.6
1971 I			1,220.0					83.3		633.7	586.3
II											
III											
IV											

(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	1969				1970				1971				1969	1970	1971
	I	II	III	IV	I	II	III	IV	I	II	III	IV			
	million of dollars														
Trade of Canada EXPORTS (including re-exports)	3,480	3,831	3,568	4,052	3,953	4,515	4,060	4,359	4,092					14,931	16,887
Adjustments:															
Wheat	-	+ 5	-	+ 9	- 6	+ 25	-	- 13	- 18					+ 14	+ 6
Aircraft and other adjustments	- 13	- 27	- 23	- 8	- 11	- 15	- 12	- 14	+ 25					- 71	- 52
Equals merchandise exports adjusted to balance of payments basis	3,467	3,809	3,545	4,053	3,936	4,525	4,048	4,332	4,099					14,874	16,841
Trade of Canada IMPORTS ..	3,241	3,789	3,337	3,763	3,333	3,890	3,346	3,371	3,431					14,130	13,940
Adjustments:															
Automotive products	- 19	- 36	- 21	- 7	- 22	- 4	- 34	- 35	- 25					- 83	- 95
Aircraft and other..... equipment	+ 13	- 29	+ 1	+ 4	- 1	- 6	+ 12	+ 12	-					- 11	+ 17
Other adjustments	- 5	- 6	- 5	- 6	- 5	- 5	- 7	- 6	- 7					- 22	- 23
Equals merchandise imports adjusted to balance of payments basis	3,230	3,718	3,312	3,754	3,305	3,875	3,317	3,342	3,399					14,014	13,839
Trade balance on balance of payments basis	+ 237	+ 91	+ 233	+ 299	+ 631	+ 650	+ 731	+ 990	+ 700					+ 860	+3,002

TABLE 7. RECONCILIATION STATEMENT WITH NATIONAL INCOME AND EXPENDITURE ACCOUNTS

	1970				1971				1969	1970	1971
	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	4,847	5,708	5,607	5,418	5,061				19,095	21,580	
Deduct:											
Current transfers:											
Personal remittances, etc.	- 24	- 24	- 25	- 26	- 29				- 91	- 99	
Capital transfers:											
Inheritances and migrants' funds	- 72	- 101	- 122	- 93	- 89				- 363	- 388	
Total exports of goods and services as per National Income and Expenditure Accounts ...	4,751	5,583	5,460	5,299	4,943				18,641	21,093	
Imports of goods and services:											
Current payments as per Canadian Balance of International Payments	4,792	5,456	5,129	4,906	4,919				19,846	20,283	
Deduct:											
Current transfers:											
Personal remittances, etc.	- 46	- 48	- 43	- 47	- 55				- 172	- 184	
Official contributions	- 31	- 42	- 79	- 49	- 38				- 144	- 201	
Capital transfers:											
Inheritances and migrants' funds	- 42	- 49	- 62	- 58	- 41				- 194	- 211	
And:											
Withholding taxes on dividends and interest	+ 40	+ 34	+ 35	+ 45	+ 41				+ 139	+ 154	
Withholding taxes on other payments(1)	+ 26	+ 36	+ 10	+ 41	+ 19				+ 93	+ 113	
Total imports of goods and services as per National Income and Expenditure Accounts	4,739	5,387	4,990	4,838	4,845				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	
1971											
1965 I	1,826	1,866	- 40	505	886	- 381	- 421	- 595	+ 96	+ 73	
II	2,191	2,218	- 27	648	985	- 337	- 364	- 532	+ 141	+ 77	
III	2,263	2,101	+ 162	930	1,058	- 128	+ 34	- 175	+ 138	+ 71	
IV	2,465	2,442	+ 23	653	1,055	- 402	- 379	- 635	+ 130	+ 136	
1966 I	2,223	2,213	+ 10	563	960	- 397	- 387	- 590	+ 106	+ 97	
II	2,602	2,651	- 49	734	1,065	- 331	- 380	- 605	+ 110	+ 115	
III	2,695	2,472	+ 223	1,033	1,223	- 190	+ 33	- 191	+ 101	+ 123	
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	
II	3,003	2,975	+ 28	947	1,244	- 297	- 269	- 508	+ 116	+ 123	
III	2,691	2,591	+ 100	1,350	1,250	+ 100	+ 200	+ 48	+ 102	+ 50	
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	
II	3,532	3,140	+ 392	901	1,278	- 377	+ 15	- 249	+ 130	+ 134	
III	3,321	2,859	+ 462	1,254	1,403	- 149	+ 313	+ 151	+ 115	+ 47	
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	
II	3,809	3,718	+ 91	1,061	1,477	- 416	- 325	- 314	+ 56	- 67	
III	3,545	3,312	+ 233	1,368	1,591	- 223	+ 10	+ 101	+ 35	- 126	
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	
II	4,525	3,875	+ 650	1,183	1,581	- 398	+ 252	- 100	+ 209	+ 143	
III	4,048	3,317	+ 731	1,559	1,812	- 253	+ 478	+ 232	+ 140	+ 106	
IV	4,332	3,342	+ 990	1,086	1,564	- 478	+ 512	+ 170	+ 237	+ 105	
1971 I	4,099	3,399	+ 700	962	1,520	- 558	+ 142	- 123	+ 148	+ 117	

(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
1971										
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
1971 I	+ 285	- 145	+ 184	- 55	+ 568	- 136	- 795	- 94	+ 119	+ 167

(1) Includes errors and omissions.



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REFERENCE PUBLICATIONS

Catalogue
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Title

- | | |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 67-505 | "The Canadian Balance of International Payments — A Compendium of Statistics from 1946 to 1965", for 1946 to 1964. |
| 67-201 | "The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position", for more detailed information. |
| 67-001 | "Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter 1967" revised 1965. |
| 67-001 | "Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1969" revised 1966. |
| 67-001 | "Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1970" for revised bilateral data for 1967 and 1968. |
| 67-001 | "Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter 1970" revised global data for 1969. |

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