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QUARTERLY ESTIMATES OF

THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

FOURTH QUARTER, 1954, AND

PRELIMINARY ESTIMATES, CALENDAR YEAR 1954



Canada's international transactions in goods and services led to a deficit of \$427 million in 1954, or about the same as the deficit of \$439 million in 1953. During 1954 the commodity trade balance improved by \$66 million. An increase of \$54 million in the deficit on other current transactions, however, primarily because of larger net payments of interest and dividends in the final quarter, offset most of the improvement in the trade balance. The deficits were 8 per cent of total current receipts in both 1953 and 1954.

While the current account deficits were not greatly different in 1953 and 1954, the level of transactions was lower. Current receipts and payments were each reduced by 5 per cent in the year. A greater decline in the volume of commodity imports than of exports offset the effects on the trade balance of a deterioration of some 3 per cent in the terms of trade.

The current account deficits in the first two quarters of 1954 were \$174 million and \$187 million, or about the same as those in the same periods of 1953. Both the balance of trade and of invisibles showed little change in the first half of 1954.⁽¹⁾ A small surplus of \$30 million appeared in the third quarter, however, mainly because of an improved commodity trade balance from the period one year earlier. This improvement in the commodity trade balance continued into the fourth quarter of 1954, but was more than offset by a sharp rise in net payments of interest and dividends. The deficit of \$96 million in the fourth quarter of 1954 was \$45 million greater than in the same quarter of 1953.

Canada has had current account deficits since 1950, except for a small surplus in 1952. The emergence and continuation of deficits has been closely related to the rapid increase in consumption, investment, and defence expenditures since 1949. Toward the end of 1953, and for part of 1954, some components of these demands levelled out or decreased. The cessation of the previous rapid growth in business inventories was particularly notable. A wide variety of imports decreased in 1954 as a result of these changes, although the volume remained high compared with the years before the peak in 1953.

Exports were subject to more divergent influences, with varied trends in economic activity in different parts of the world. The recent decline was concentrated in a relatively few products. An important development was the improved world supply position of wheat and coarse grains, which brought a reaction to the unusually large exports of the past few years. From 1953 to 1954, exports of grains and flour fell by \$295 million. This amount, however, was in excess of the decline in total commodity exports. There were setbacks to production in a number of industries in the United States. The decline in exports to the United States was moderate, however, with increases in some

(1) As noted in the second quarter issue of this publication, a change in statistical procedure raised June commodity imports by some \$40 million, and also affected the leads and lags reflected in short-term capital movements.

Prepared in the Balance of Payments Section, International Trade Division.

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products partly offsetting declines in some other exports. Substantial increases in industrial activity in the United Kingdom and many Western European countries led to increased purchases of a number of Canadian exports other than grains. In addition, some overseas restrictions on dollar transactions were eased in this period. The effect of these changes was that the decline in exports and imports was fairly balanced, with that in imports somewhat greater for the year.

While the current deficit was not greatly changed from 1953, the balances by areas were modified, and the bilateral imbalance of the current account was somewhat reduced in 1954. There was a reduction in the deficit with the United States and a smaller surplus with overseas countries as a whole, although the surplus with the United Kingdom rose. In both 1953 and 1954 the proportion of total current receipts and payments accounted for by transactions with the United States was 63 per cent and 73 per cent respectively. Further details on bilateral changes are described under Transactions by Areas.

Canada's current account deficit in 1954, as in 1953, was more than financed by the net inflow of capital from direct investment, portfolio security transactions and amortization of official loans. These movements of a predominantly long-term nature were, however, more than \$100 million smaller than in 1953. Other types of capital movements of a private character, mainly short-term, produced a capital inflow for the year as a whole for the first time since 1950; the balance represented a change of more than \$250 million from 1953. The outflow of capital to finance increased official holdings of gold and foreign exchange amounted to \$124 million in 1954; this contrasted with the inflow of \$38 million which occurred in 1953 when, however, a major transaction of official debt repatriation was financed directly from the reserves.

The Canadian dollar continued to be strong on the exchange market. The price of the United States dollar in Canada fell 25/32 cents from the end of 1953 to 96 19/32 cents at the end of 1954. The trading range of 2.41 cents indicated relative stability in comparison with 3.03 cents in 1953 and 5.25 cents in 1952. Over the year as a whole, the average price of the United States dollar was 97.32 cents, or 1.02 cents lower than for 1953.

The current account deficit which Canada experienced in 1954 added to Canada's net balance of international indebtedness, as did such other factors as the retention in Canada of earnings accruing to non-resident investors. Net indebtedness is now again approaching the level of \$6.5 billion recorded in 1930 but, when viewed in the perspective of the great developments which have occurred in the intervening years, it will be apparent that it represents a relatively much lighter burden than in the earlier period. Long-term investments in Canada by non-residents now have a book value of the order of \$12 billion. Some details of these investments and of Canadian long-term investments abroad, for selected year-ends from 1945 to 1953, appear on the final page of this report. Additional detail of these investments and of other international assets and liabilities will be available in time for publication in "The Canadian Balance of International Payments, 1954, and International Investment Position".

Trade balance improved, but trade levels lower

Commodity exports, as adjusted for balance of payments purposes, declined by \$223 million in 1954 to a level of \$3,929 million, while imports fell by \$289 million to \$3,920 million. The trade deficit of \$57 million in 1953 became a surplus of \$9 million in 1954. The decline in total export value reflects a decline of about 3 per cent in both price and volume. The fall in total import value, on the other hand, was due solely to a fall of about 7 per cent in volume. The terms of trade deteriorated by some 3 per cent for the year as a whole.

The decline in exports was concentrated in a relatively small number of products, and the more important declines reflect some reaction to unusually favourable conditions in world markets in recent years. The combination of excellent Canadian crops with inadequate crops in a number of importing and exporting countries, meant world trade in grains and Canada's share in this were both unusually high until well into 1953. The improved world supply position for grains in recent years has been the most important factor reducing Canadian exports since the third quarter of 1953. Reduced activity in some industries in the United States, and restrictions on imports of coarse grains, also reduced Canadian exports. But most exports to the United States were well maintained, and non-grain exports to overseas countries increased, particularly exports of wood products and base metals. For 1954 as a whole, the decline in total exports was mainly confined to grains and flour, motor vehicles, primary iron and steel, and a few defence exports. Increases appeared, however, for newsprint, wood pulp, planks and boards, most base metals, fishery products and chemical products.

The decline in commodity imports in 1954 was somewhat larger than that in exports, and more widespread. The drop in imports was related to a number of factors. The rapid increase

in inventories in 1953 necessitated adjustments in some Canadian industries late in 1953 and in 1954, and both domestic production and imports were affected in the process. The fall in Canadian farm income in Canada, which accompanied the drop in grain exports, reduced the demand for imports of agricultural implements. The decline in coal and in petroleum products reflects the growing development and use of Canadian petroleum and water power. Increasing facilities for the production in Canada of other commodities have also been displacing some imports. While consumer expenditures were higher in 1954, the smaller proportion spent on durables decreased some types of imports. Among the larger declines in imports were those in textiles, agricultural implements, automobile parts and coal. Large increases in imports were few, and mainly limited to food products.

Some significant developments for future years began to affect trade in 1954. The first shipments of alumina were received from Jamaica for refining by Canada's expanded aluminum industry. The first shipments of Labrador iron ore occurred, and crude petroleum began to be exported on the Pacific coast.

Deficit on invisibles higher

The deficit on invisibles rose by \$54 million to a new peak of \$436 million in 1954, reflecting a smaller decline in payments than in receipts. Higher net payments of interest and dividends were primarily responsible for the increased deficit on invisibles in 1954. The sharply increased deficits on invisibles since 1949 reflect the appearance of deficits on both travel and freight and shipping accounts, and larger net payments for business services. The change in the balance on travel account, from a surplus of \$92 million in 1949 to a deficit of \$80 million in 1954, has been particularly striking. These changes have been superimposed on a continuing substantial deficit on income account.

Changes in Principal Elements of the Current Account

with All Countries in 1954

(Millions of dollars)

	<u>Balance</u>		<u>Change</u>
	1953	1954	in 1954
Commodity trade (adjusted)	- 57	+ 9	+ 66
Gold production available for export	+ 144	+ 155	+ 11
Travel expenditures	- 63	- 80	- 17
Interest and dividends	- 246	- 307	- 61
Freight and shipping	- 45	- 35	+ 10
Inheritances and migrants' funds	+ 1	- 2	- 3
All other current transactions	- 173	- 167	+ 6
Current account balance	- 439	- 427	+ 12

Several groups of transactions showed smaller net payments or increased receipts for the year as a whole. Gold production available for export was higher in 1954. The increases were confined to the last three quarters, reflecting the effects of the strike during part of 1953 and early in 1954. Freight and shipping receipts and payments were both markedly lower (the latter declining more than the former) primarily as a result of the lower volume of trade and further transfers of ships from Canadian registry. Exports financed by official contributions were smaller in 1954.

But these improvements in the balance on invisibles were more than offset by a larger deficit on travel account and especially on income account. While travel receipts were about the same as in 1953, payments to overseas countries in particular were higher. The sharply increased deficit on income account occurred in the fourth quarter. Lower interest rates have reduced interest receipts, while dividend receipts had been higher in previous years because of transfers of past earnings. Interest payments have been rising as a result of large new issues placed abroad in recent years. The increase in dividend payments reflects increased dividend rates by a number of companies, and some transfers of accumulated earnings. The increase of foreign investment in Canada in recent years has not yet been reflected in dividend payments to an important extent, because of such factors as the recency of many of the investments and the retention of funds to expand investment.

Transactions by Areas

The deficit with the United States was reduced by \$106 million to \$818 million in 1954, while the surplus with overseas countries was reduced by \$94 million to \$391 million. The current surplus with the United Kingdom increased over the relatively small surplus of the previous year, but this change was more than offset by substantial reductions in the surplus with both other sterling area countries and non-sterling overseas countries. Thus the bilateral disequilibrium of the current account was somewhat reduced in 1954, but some broad magnitudes remained in line with those apparent since 1951. The deficit with the United States has been between \$800 - \$950 million in each of the past four years, while the surplus with overseas countries has been between about \$400 - \$500 million (except in 1952).

The decrease in the deficit with the United States was due to a larger fall in imports than in exports. Exports of coarse grains, some base metals, and some primary iron products were lower, but newsprint exports were well maintained at a high level and some other wood products and nickel increased. Imports of a number of iron and steel products were considerably reduced, as well as imports of textiles and coal. But while the commodity balance with the United States improved, the deficit on invisibles increased in 1954. Gold production available for export was higher, and freight payments fell with the decline in import volume. But these improvements were overshadowed by the considerably increased deficit on income account, particularly in the fourth quarter, due to both lower receipts and higher payments of interest and dividends.

The larger current surplus with the United Kingdom reflects mainly an increased trade surplus, although net payments for invisibles declined also. Exports to the United Kingdom were slightly over the 1953 level, in spite of a considerable drop in exports of wheat. There were important increases in exports of wood products, base metals, chemicals, and other materials, in response to strong increases in industrial activity in the United Kingdom. While total exports were stable, imports declined considerably, particularly imports of textiles, automobiles, and other iron products. The smaller deficit on invisibles reflects mainly some large non-recurring defence payments for services in 1953.

International Transactions with Principal Countries and Areas, 1953 and 1954 (Millions of dollars)

Year	All Countries		United States		United Kingdom		Other Countries	
	1953	1954	1953	1954	1953	1954	1953	1954
Exports (adjusted)	4,152	3,929	2,458	2,356	656	660	1,038	913
Imports (adjusted)	4,209	3,920	3,046	2,799	462	391	701	730
Balance on trade	- 57	+ 9	- 588	- 443	+ 194	+ 269	+ 337	+ 183
Other current receipts	1,360	1,296	985	955	186	171	189	170
Other current payments	1,742	1,732	1,321	1,330	238	210	183	192
Balance on invisibles	- 382	- 436	- 336	- 375	- 52	- 39	+ 6	- 22
Current account balance	- 439	- 427	- 924	- 818	+ 142	+ 230	+ 343	+ 161
<u>Fourth Quarter</u>								
Exports (adjusted)	1,044	1,062	627	621	152	193	265	248
Imports (adjusted)	994	986	704	699	107	92	183	195
Balance on trade	+ 50	+ 76	- 77	- 78	+ 45	+ 101	+ 82	+ 53
Balance on invisibles	- 101	- 172	- 122	- 162	+ 15	+ 4	+ 6	- 14
Current account balance	- 51	- 96	- 199	- 240	+ 60	+ 105	+ 88	+ 39

Exports to other overseas countries as a group fell sharply, while imports increased. A considerable drop in wheat exports was the chief factor in the decline in exports to these countries, although exports of motor vehicles also fell sharply. These declines were only partly offset by increased exports of a number of other products, especially wood and metal products. Most groups of imports were well maintained, and agricultural products and non-metallic minerals in particular were higher. The balance on invisibles deteriorated along with the balance on trade, reflecting particularly a lower level of freight receipts.

Capital movements during 1954

The net movement of foreign capital to Canada for direct investment in foreign-controlled enterprises in 1954 is tentatively placed at \$325 million, or about one-fifth below the rate for 1953. This was the first decline for any year in the post-war period. About one-half of the funds were destined for the petroleum industry, one-fifth for mining, and the balance for manufacturing and other enterprises. Each of these groups of industries received smaller amounts of direct investment capital than in 1953. The inflow from the United Kingdom was at the highest level for any post-war year and exceeded \$50 million; contractions occurred in the net movements both from the United States and from other overseas countries.

Preliminary estimates of the movement of capital from Canada for direct investment abroad indicate a net outflow of \$70 million. About one-half this amount was to the United States, and the balance was to overseas countries, including the United Kingdom. The petroleum industry and associated transportation facilities accounted for nearly one-third of the total. Canadian investment in the beverage industry was of about equal importance, and the remainder of the investment went mainly to other mining and manufacturing enterprises.

Portfolio security transactions between Canada and other countries in 1954 resulted in a sales balance or capital inflow of \$160 million, only slightly lower than the total for 1953. Trade in outstanding Canadian securities led to a net import to Canada of \$55 million of capital. The United Kingdom accounted for \$21 million of the total, and other overseas countries for \$36 million; there was a small net export of capital, or repurchase balance, with the United States. (A significant part of the balance with overseas countries was of a special character, reflecting the temporary employment in government bonds of funds raised in the Canadian capital market by an international institution.) As has been the case each year since 1950, Canada repurchased government bonds but sold securities of Canadian corporations. While the rate of repatriation of government bonds, \$85 million in 1954, was considerably higher than in 1953, there was a marked growth in sales to non-residents of securities of Canadian corporations, including \$121 million of common and preference stocks. It was mainly this development which led to a capital import of \$55 million in 1954 in contrast to an export of \$31 million in 1953. A factor contributing to greatly increased sales of stocks was a change in United States administrative arrangements which facilitated the formation of Canadian diversified management investment companies with important tax advantages to United States investors.

The pattern of trading over 1954, reviewed on a quarterly basis, was one of increasing volume and increasing disparity between the balances on account of transactions in Canadian stocks and in Canadian bonds and debentures. Sales balances on account of trade in common and preference stocks increased in each quarter of 1954. On the other hand, repatriation of bonds and debentures through trade in outstanding issues rose in each of the first three quarters of 1954, if the special investment transactions referred to above are excluded, but fell in the final quarter of the year. As a result of these divergent movements there were net capital inflows in the first and second quarters of 1954; in the third quarter there was virtual balance, and in the final quarter a net inflow of capital again resulted.

The proceeds of new issues of Canadian securities sold to non-residents amounted to \$318 million. These transactions were concentrated in the early part of the year. Retirements of foreign-held Canadian securities are estimated to have been \$192 million in 1954. Transactions in foreign securities were dominated by an issue of \$25 million Canadian currency debentures by the International Bank for Reconstruction and Development, and led to a net outflow of \$21 million.

Both new issues abroad and the trade in outstanding Canadian bonds and debentures appear to have been influenced by a narrowing of the margin between interest rates in Canada and the United States. In the month of December the average differential was at its lowest point in nearly seven years. These and other aspects of international security transactions in 1954 are discussed in greater detail in the DBS report "Sales and Purchases of Securities between Canada and other Countries, December, 1954, and Review of Security Trading during 1954".

Other types of capital movement, with the exception of changes in official holdings of gold and foreign exchange, were inwards on balance in 1954. Repayment of \$72 million was made during the year on Canada's war and post-war loans to other governments. These receipts reduced to \$1,670 million the outstanding balances on Canada's war and post-war loans of \$2,450 million. During 1954 non-residents added \$26 million to their holdings of Canadian dollars following reductions aggregating \$275 million in the years from 1951 to 1953. Other capital movements had reflected very large net capital outflows in the two years preceding 1954, \$511 million in 1952 and \$179 million in 1953. This category covers a diverse range of transactions, but in the main the outflows represented the reversal of heavy short-term inflows which had occurred in 1950 and 1951, and a tendency for Canadians to build up short-term assets abroad. These net outflows did not continue in 1954 and there was on balance a modest inflow of capital.

Developments in the fourth quarter

The current account deficit widened in the fourth quarter of 1954, in contrast to the pattern in the first nine months of 1954. The increase of the deficit on income account more than accounted for the increase in the current deficit from the fourth quarter of 1953. Total current receipts attained, and payments exceeded, the levels of the fourth quarter of 1953; while this contrasts with the shortfall of receipts and payments in the first nine months, it should be noted that trade had fallen considerably in the fourth quarter of 1953.

The merchandise trade surplus of the fourth quarter of 1954 was moderately higher than that of the fourth quarter of 1953. On a seasonally adjusted basis, the recent decline in trade was mainly concentrated in the fourth quarter of 1953, with imports experiencing some further declines in the first quarter of 1954. Exports and imports were below the levels of one year earlier in the second and third quarters of 1954, but the seasonally-adjusted movement was moderately upwards. In the fourth quarter of 1954, seasonally-adjusted exports and imports were both at about the level of the third quarter, but moderately higher than their recent lows. A factor which affected both exports and imports in the fourth quarter was the dock strike in the United Kingdom.

While the declines in grains and motor vehicles continued into the fourth quarter when compared to the levels one year earlier, these were more than offset by continued increases in wood products, metals, fishery products and chemical products. Imports of a variety of iron products continued to decline in the fourth quarter, partly offset by increased imports of a number of food and other products.

Almost all of the larger deficit on invisibles from the quarter one year earlier was due to the increase of the deficit on income account by \$60 million to \$119 million. Most of the change was due to a considerable drop in dividend receipts and rise in dividend payments, although the same pattern was evident on interest account also. Gold production available for export was higher, but increased net payments on the other invisible accounts more than offset this change.

The deficit with the United States rose in the fourth quarter of 1954, in contrast to the decline in this deficit in the first nine months and the year. The increased deficit on income account in the fourth quarter, to which reference was made above, was the main factor in this change. Export and import trade with the United States was at about the same levels as in the fourth quarter of 1953. The current surplus with the United Kingdom had increased in the first nine months, both because exports fell more slowly than imports and because there were large non-recurring payments for military services in 1953. In the fourth quarter, the current surplus with the United Kingdom rose appreciably over the levels of one year earlier. Imports continued to fall, but there was a substantial increase in exports over the fourth quarter 1953 levels. The surplus with other overseas countries continued to decline in comparison with the previous year, reflecting the same types of movements as in the nine-months comparison. While exports to these countries continued to fall in the fourth quarter, imports rose, and the deficit balance on invisibles continued.

Inflows of capital to Canada for direct investment are tentatively estimated to have been \$100 million in the final quarter of the year, or about the rate for 1953 taken as a whole. The fourth quarter movement is in contrast to earlier quarters when inflows were considerably smaller, but it includes several transactions of a non-recurring nature which are sufficiently large to account for the increase. Outflows of capital from Canada for direct investment abroad were of the order of \$15 million in the last quarter of 1954.

Portfolio security transactions led to a net capital outflow of \$14 million. There was a net inflow of \$17 million from trade in outstanding Canadian issues, reflecting net sales of \$47 million of stocks, offset by net repurchases of \$30 million of bonds and debentures. The proceeds of new Canadian issues sold abroad amounted to \$25 million, and retirements to \$51 million. Transactions in foreign securities led to an outflow of \$5 million.

During the fourth quarter there were the usual heavy repayments to Canada on official war and post-war loans to other governments; these receipts totalled \$34 million. Non-residents increased their holdings of Canadian funds by \$18 million. There was a capital outflow of \$45 million to finance increased official holdings of gold and foreign exchange, and all other capital movements led to a net capital inflow of \$18 million.

Summary of Capital Movements

1952 - 1954

(Millions of dollars)

	1952	1953	1954	Change 1954 from 1953
Direct investment in Canada	+ 346	+ 398	+ 325	- 73
Direct investment abroad	- 77	- 56	- 70	- 14
Canadian securities				
Trade in outstanding stocks	+ 72	+ 21	+ 121	+ 100
Trade in outstanding bonds	- 166	- 52	- 66	- 14
New issues	+ 316	+ 342	+ 318	- 24
Retirements	- 89	- 142	- 192	- 50
Foreign securities	- 8	- 1	- 21	- 20
Official loan repayments	+ 56	+ 87	+ 72	- 15
Canadian dollar holdings of foreigners	- 66	- 17	+ 26	+ 43
Official holdings of gold and foreign exchange (increase, -)	- 37	+ 38	- 124	- 162
Other capital movements	- 511	- 179	+ 38	+ 217
Net capital movement financing current account balance	- 164	+ 439	+ 427	- 12

QUARTERLY ESTIMATES OF THE CANADIAN

Note: Data for 1954 are preliminary and

		1952		1953		
		III	IV	I	II	III
A	Current Receipts					
1	Merchandise exports (adjusted).....	1,049	1,156	918	1,113	1,077
3	Gold production available for export	37	37	48	37	30
4	Travel expenditures	156	42	26	57	172
5	Interest and dividends	23	73	26	32	24
6	Freight and shipping.....	98	103	71	92	86
7	Inheritances and immigrants' funds	22	19	16	27	26
11	All other current receipts	67	89	69	73	95
12	Total Current Receipts	1,452	1,519	1,174	1,431	1,510
B	Current Payments					
1	Merchandise imports (adjusted).....	937	1,038	1,002	1,161	1,052
4	Travel expenditures	110	71	68	95	124
5	Interest and dividends	95	148	86	102	81
6	Freight and shipping.....	105	107	70	108	110
7	Inheritances and emigrants' funds	24	25	21	22	25
9	Official contributions	-	5	10	9	3
11	All other current payments.....	106	108	101	125	128
12	Total Current Payments	1,377	1,502	1,358	1,622	1,523
	Balance on Merchandise Trade	+ 112	+ 118	- 84	- 48	+ 25
	Balance on Other Transactions, excluding B 9	- 37	- 96	- 90	- 134	- 35
	Official Contributions.....	-	- 5	- 10	- 9	- 3
C	Current Account Balance	+ 75	+ 17	- 184	- 191	- 13
D	Capital Account					
	Direct Investment					
1	Direct investment in Canada.....	+ 106	+ 91	+ 103	+ 90	+ 97
2	Direct investment abroad	- 19	- 28	- 8	- 10	- 10
	Canadian Securities					
3	Trade in outstanding issues	- 51	- 24	+ 10	- 36	- 4
4	New issues.....	+ 23	+ 46	+ 132	+ 60	+ 15
5	Retirements	- 7	- 29	- 28	- 88	- 9
	Foreign Securities					
6	Trade in outstanding issues	+ 3	-	+ 2	+ 3	+ 1
7	New issues.....	-	-	- 1	- 2	- 1
8	Retirements	-	-	+ 1	-	-
	Loans by Government of Canada					
10	Repayment of post-war loans	-	+ 24	+ 2	+ 11	-
11	Repayment of war loans.....	+ 8	+ 7	+ 4	+ 7	+ 39
14	Change in Canadian dollar holdings of foreigners	+ 2	- 68	+ 45	+ 20	- 71
16	Change in official holdings of gold and foreign exchange (increase, minus).....	- 25	- 4	+ 16	+ 91	- 35
17	Other capital movements	- 115	- 32	- 94	+ 45	- 9
E	Net Capital Movement	- 75	- 17	+ 184	+ 191	+ 13

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

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

A 11) This item includes government transactions (except merchandise trade and interest), personal remittances, miscellaneous income, B 11) insurance transactions, and business services.

BALANCE OF INTERNATIONAL PAYMENTS

data for 1953 are subject to revision.

1953	1954				Annual Totals				
IV	I	II	III	IV	1951	1952	1953	1954	
(millions of dollars)									
1,044	872	993	1,002	1,062	3,950	4,339	4,152	3,929	A 1
29	35	43	39	38	150	150	144	155	3
47	24	59	170	47	274	275	302	300	4
82	23	32	22	59	115	145	164	136	5
88	68	76	82	80	351	383	337	306	6
23	17	28	25	21	77	85	92	91	7
84	63	73	84	88	249	281	321	308	11
1,397	1,102	1,304	1,424	1,395	5,166	5,658	5,512	5,225	12
994	923	1,068 ^x	943	986	4,097	3,850	4,209	3,920	B 1
78	66	98	131	85	280	341	365	380	4
141	88	95	82	178	450	413	410	443	5
94	66	90	97	88	354	375	382	341	6
23	21	23	23	26	70	94	91	93	7
2	4	2	1	3	9	16	24	10	9
116	108	115	117	125	423	405	470	465	11
1,448	1,276	1,491	1,394	1,491	5,683	5,494	5,951	5,652	12
+ 50	- 51	- 75	+ 59	+ 76	- 147	+ 489	- 57	+ 9	
- 99	- 119	- 110	- 28	- 169	- 361	- 309	- 358	- 426	
- 2	- 4	- 2	- 1	- 3	- 9	- 16	- 24	- 10	
- 51	- 174	- 187	+ 30	- 96	- 517	+ 164	- 439	- 427	C
									D
+ 108	+ 80	+ 80	+ 65	+ 100	+ 309	+ 346	+ 398	+ 325	1
- 28	- 10	- 15	- 30	- 15	- 20	- 77	- 56	- 70	2
- 1	+ 16	+ 22	-	+ 17	+ 38	- 94	- 31	+ 55	3
+ 135	+ 170	+ 86	+ 37	+ 25	+ 411	+ 316	+ 342	+ 318	4
- 17	- 24	- 73	- 44	- 51	- 184	- 89	- 142	- 192	5
+ 15	+ 4	+ 10	-	- 5	+ 15	+ 12	+ 21	+ 9	6
- 19	- 2	- 26	- 2	- 2	- 3	- 20	- 23	- 32	7
-	-	-	-	+ 2	+ 3	-	+ 1	+ 2	8
+ 24	+ 2	+ 11	+ 3	+ 26	+ 34	+ 33	+ 37	+ 42	10
-	+ 7	+ 8	+ 7	+ 8	+ 34	+ 23	+ 50	+ 30	11
- 11	- 16	+ 14	+ 10	+ 18	- 192	- 66	- 17	+ 26	14
- 34	- 4	- 37	- 38	- 45	- 56	- 37	+ 38	- 124	16
- 121	- 49	+ 107	- 38	+ 18	+ 128	- 511	- 179	+ 38	17
+ 51	+ 174	+ 187	- 30	+ 96	+ 517	- 164	+ 439	+ 427	E

NOTES:

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

D1,2 Exclusive of undistributed profits.

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

x Raised significantly by procedural change (see text, Vol. 2, No. 2.)

Selected Statistics of Canada's International Investment Position
1945 - 1953

(Millions of dollars)

	1945	1947	1949 ⁽¹⁾	1951	1952	1953
FOREIGN LONG-TERM INVESTMENTS IN CANADA OWNED BY:						
ALL NON-RESIDENTS						
Direct investments	2,713	2,986	3,586	4,521	5,224	5,977
Government and municipal bonds	1,662	1,528	1,755	2,103	2,026	2,085
Other portfolio investments	2,433	2,384	2,317	2,519	2,685	2,894
Miscellaneous investments	284	290	302	328	447 ⁽²⁾	466
TOTAL	7,092	7,188	7,960	9,471	10,382	11,422
RESIDENTS OF THE UNITED STATES⁽³⁾						
Direct investments	2,304	2,548	3,095	3,897	4,536	5,180
Government and municipal bonds	1,450	1,387	1,534	1,898	1,833	1,868
Other portfolio investments	1,106	1,110	1,106	1,269	1,382	1,534
Miscellaneous investments	130	155	170	195	249 ⁽²⁾	256
TOTAL	4,990	5,200	5,905	7,259	8,000	8,838
RESIDENTS OF THE UNITED KINGDOM⁽³⁾						
Direct investments	348	372	428	497	544	611
Government and municipal bonds	157	90	171	146	136	150
Other portfolio investments	1,160	1,113	1,049	1,068	1,090	1,128
Miscellaneous investments	85	70	67	65	114 ⁽²⁾	116
TOTAL	1,750	1,645	1,715	1,776	1,884	2,005
RESIDENTS OF ALL OTHER COUNTRIES						
Direct investments	61	66	63	127	144	186
Government and municipal bonds	55	51	50	59	57	67
Other portfolio investments	167	161	162	182	213	232
Miscellaneous investments	69	65	65	68	84 ⁽²⁾	94
TOTAL	352	343	340	436	498	579
CANADIAN LONG-TERM INVESTMENTS⁽⁴⁾ IN						
ALL FOREIGN COUNTRIES						
Direct investments	720	822	926	1,166	1,271	1,507
Portfolio investments	621	579	638	609	830 ⁽²⁾	842
Government of Canada credits	707	1,816	2,000	1,922	1,866	1,778
TOTAL	2,048	3,217	3,564	3,697	3,967	4,127
UNITED STATES						
Direct investments	455	531	721	912	968	1,147
Portfolio investments	409	366	443	376	536 ⁽²⁾	537
TOTAL	864	897	1,164	1,288	1,504	1,684
UNITED KINGDOM						
Direct investments	54	64	59	74	81	104
Portfolio investments	53	52	40	34	31	29
Government of Canada credits	561	1,331	1,434	1,394	1,357	1,292
TOTAL	668	1,447	1,533	1,502	1,469	1,425
ALL OTHER COUNTRIES						
Direct investments	211	227	146	180	222	256
Portfolio investments	159	161	155	199	263	276
Government of Canada credits	146	485	566	528	509	486
TOTAL	516	873	867	907	994	1,018

Notes: Data represent book values. As the fiscal year-ends of some corporations do not correspond with the calendar year, comparisons of year to year changes with balance of payments data should be made with caution. The estimates are also affected by reclassifications between direct and portfolio series and by accounting adjustments in the basic data. Figures for 1953 are subject to revision.

(1) Prior to 1949 Newfoundland was classified as an "other country".

(2) New series not strictly comparable with earlier years.

(3) Including some investments held as nominees for other countries.

(4) Excluding investments of insurance companies and banks, and subscriptions by the Government of Canada to the IMF and IBRD, but including the equity of non-residents in assets abroad of Canadian companies.

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