

DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS - CANADA
INTERNAL TRADE BRANCH

(Issued Jan. 27, 1938)

Dominion Statistician: R. H. Coats, LL.D., F.R.S.C., F.S.S. (Hon.)
Chief, Internal Trade Branch: H. Marshall, B. A., F. S. S.

ESTIMATED BALANCE OF INTERNATIONAL PAYMENTS FOR CANADA, BRITISH AND
FOREIGN INVESTMENTS IN CANADA, AND CANADIAN INVESTMENTS ABROAD.

Preliminary Statements for 1937

The preliminary statement of the Canadian Balance of International Payments issued by the Dominion Bureau of Statistics presents provisional estimates of the current items of goods, services and gold and the principal capital items in Canada's international accounts for the year 1937. While complete and final information will not be available until later in the year, sufficient data are now available to permit the presentation of the salient features of last year's transactions.

A large credit balance continued to characterize Canada's current account in 1937. In other words, the credits received by Canada from the sale of goods, gold and services to other countries continued to exceed the payments made in connection with imports of merchandise and the remittance of interest and dividends to investors residing outside of Canada as well as other payments for miscellaneous services received. There was available, therefore, this surplus of credits in the current account for the export of capital funds from Canada.

The principal aspects of the movement of capital during the year are shown in the capital account which traces a net outflow of capital from Canada of over \$200 million.

Summary of Balance of Payments Transactions, 1937

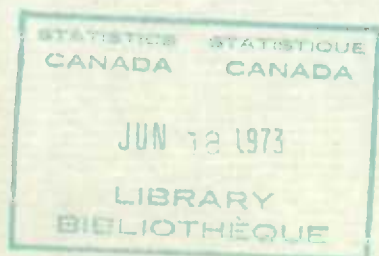
(In millions of dollars)

	Net Credit (+) or Debit (-)
Commodity trade.....	+212
Gold.....	+145
Tourist trade.....	+170
Interest and dividend receipts and payments.....	-247
Miscellaneous current transactions.....	-63
Net credits on current account	+217
Net debits on capital account (Outflow of capital).. Errors or omissions.....	-208 +9

Of the \$217 million surplus credits revealed by the current account, there have been \$208 million accounted for in the capital account by the net outward transfer of capital funds from Canada.

The net difference between these amounts (\$9 million) is made up of unavoidable errors in the computations or the omission of transactions which could not be traced at the time the tables were prepared.

Price--15¢ a copy



The first part of the report deals with the general situation of the country and the progress of the work during the year. It is followed by a detailed account of the various projects and the results achieved.

The second part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The third part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The fourth part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The fifth part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The sixth part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The seventh part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The eighth part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The ninth part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.

The tenth part of the report contains a list of the various projects and the results achieved. It is followed by a detailed account of the various projects and the results achieved.



Current Account of Goods, Services and Gold

The balance of credits from the export of merchandise, although much reduced from the extraordinarily large balance in 1936, nevertheless, was very considerable compared with the balances of merchandise trade usually experienced. This reduction was partly offset by larger receipts from the sale of gold and by increased revenue from the international tourist trade. After allowing for greater payments for the transportation of imported merchandise and for increased dividend disbursements by Canadian companies to shareholders residing outside of Canada and for other current payments there remained a balance of credits in the current account amounting to \$217 million.

Commodity Trade--Commodity trade figures exclude exports of non-monetary gold bullion and gold-bearing quartz, which are included with other gold in the gold item. Other adjustments have also been made for the balance of payments statement such as the exclusion of certain non-commercial items as well as merchandise imported by returning Canadian tourists, etc. The resulting credit balance is \$212 million.

Gold Exports and Imports--Earmarked gold is included in this item as well as gold bearing quartz, non-monetary gold bullion and other gold coin and bullion. The net credits resulting from gold transactions were \$145 million.

Tourist Expenditures--The credit balance shown by this preliminary estimate based on incomplete data is \$170 million.

Interest and Dividend Receipts and Payments--The debit balance produced by these transactions was \$247 million.

Miscellaneous Transactions--Miscellaneous transactions produced a net debit balance of \$63 million. This amount represents the excess of the debit balances arising from freight receipts and payments, immigrants' remittances, the expenditures of governments, charitable and missionary contributions, advertising transactions, motion picture remittances, capital of immigrants and emigrants and miscellaneous payments for other services, over the small credit balance from the earnings of international commuters.

Capital Account

Although during 1937 the trade in outstanding securities between Canada and other countries totalled more than \$1 billion, the net movement of capital resulting from these transactions was negligible. This is of particular interest in view of the development of unusual disturbances in the security markets during the year.

The small net movement of capital connected with this international trade in securities was partly the consequence of offsetting capital movements between Canada and the United States on the one hand and Canada and the United Kingdom and other countries on the other. The movement of capital from Canada to the United States resulting from the trade in outstanding securities was almost entirely offset by the movements from the United Kingdom and other countries to Canada. The volume of Canadian repurchases of Canadian common and preference stocks from the United States was substantial while the United Kingdom and other countries on balance bought Canadian stocks.

Besides this trade in securities there was the retirement of \$170 million of Canadian bonds which were held abroad, mostly in the United States. Many of these issues matured during the year but a considerable number of corporation issues were called for redemption, especially in the earlier part of the year. The decline in retirements in 1937 compared with the much heavier volumes of issues retired in 1935 and 1936 represents the most important change in Canada's international capital transactions during the year. The largest part of the new issues sold abroad were connected with refinancing operations, only a small part representing the borrowing of new capital.

THE FIRST PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN
THE SECOND PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN

THE THIRD PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN
THE FOURTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN

THE FIFTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN
THE SIXTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN

THE SEVENTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN
THE EIGHTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN

THE NINTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN
THE TENTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN

THE ELEVENTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN
THE TWELFTH PART OF THE HISTORY OF THE
REIGN OF KING CHARLES THE FIRST
IN THE YEAR OF HIS MAJESTY'S REIGN

The item insurance transactions represents a provisional estimate of the net international remittances connected with the operations of insurance companies.

The capital item "other known capital movements" is also a preliminary estimate, representing the movement of capital arising principally from the operations of international "branch plants", British and foreign branches in Canada and Canadian branches abroad. Also included are net amounts representing the results of the international transactions of Canadian trust companies and other known short-term movements of funds which have not been provided for otherwise. Various small items of current transactions which are difficult to segregate remain in this item and in the insurance item.

Preliminary Estimates of British and Foreign Capital Invested in Canada and Canadian Capital Invested Abroad, as at December 31, 1937.

Because of their connection with the balance of payments, provisional estimates of British and Foreign Capital Invested in Canada and Canadian Capital Invested Abroad as at the end of 1937 are also shown in this bulletin. Too close a relationship between changes in the value of these international investments and the movement of capital revealed in the capital account of the balance of payments statement should not, however, be drawn. Many factors influencing the value of international investments do not give rise to actual movements of capital between Canada and other countries and consequently these changes do not appear in the statement of annual capital movements.

The preliminary estimate of the value of British and Foreign Capital Investments in Canada at the end of 1937 at \$6,848 million shows a slight increase over the value of these investments at the end of 1936. The increase is distributed among the investments of the United States and other countries and is partly the result of increased holdings of the securities of Canadian governments by United States investors and partly the result of general increases in the values of the investments in Canadian companies and business enterprises owned by non-residents of Canada.

The preliminary estimates of Canadian Investments Abroad, as at the end of 1937, also show increases in value compared with 1936, principally in investments in the United States.

Estimated Balance of International Payments for Canada
Preliminary Statement for 1937

(In millions of dollars)

	Credits Exports Visible and Invisible	Debits Imports Visible and Invisible	Net Credits (+) or Debits (-)
<u>Current Account of Goods, Services and Gold</u>			
1. Commodity trade (adjusted)	1,010	798	+212
2. Gold exports ⁽¹⁾ and imports	145	-	+145
3. Freight receipts and payments n.o.p.	90	116	-26
4. Tourist expenditures ⁽²⁾	290	120	+170
5. Interest and dividend receipts and payments..	78	325	-247
6. Immigrants' remittances	8	20	-12
7. Government expenditures and receipts	7	12	-5
8. Charitable and missionary contributions	1	2	-1
9. Advertising transactions	2	2	-
10. Motion picture remittances	-	4	-4
11. Capital of immigrants and emigrants	2	4	-2
12. Earnings of Canadian residents employed in U.S.A. and U.S. residents employed in Canada.	4	2	+2
13. Net payments for entertainment services, royalties, etc. not included above	-	15	-15
14. Total credits and debits as above	1,637	1,420	+217
15. Difference between debits and credits above	-	217	
	1,637	1,637	
<u>Capital Account</u>			
1. New issues of Canadian securities sold abroad. (including refinancing)	92	-	+92
2. Retirements of Canadian securities held abroad	-	170	-170
3. Sales and purchases of outstanding securities	508	512	-4
4. Insurance transactions n.o.p. (Net)	-	28	-28
5. Other known capital movements ⁽³⁾ (Net)	-	98	-98
6. Total credits and debits as above	600	808	-208
7. Direct estimate of net outflow of capital	208	-	
	808	808	
Residual item ⁽⁴⁾ , Item 15 of current account minus item 7 of capital account	9		

(1) Includes earmarked gold.

(2) Provisional estimate based on incomplete data.

(3) Net movement of funds resulting from the operations of British and foreign branch plants in Canada and the branches of Canadian firms abroad, including the transactions of trust companies and known short term movements of funds, n.o.p.

(4) This item represents either errors in the computations or the omission of transactions which could not be traced at the time the tables were prepared.

Preliminary Estimate

Estimated British and Foreign Capital Invested in Canada, Classified
According to Main Types as at December 31, 1937.
(In millions of dollars)

	Total	United Kingdom	United States	Other Countries
GOVERNMENT SECURITIES--				
Dominion.....	862	318	544	-
Provincial.....	494	61	430	3
Municipal.....	340	137	203	-
	1,696	516	1,177	3
PUBLIC UTILITIES--				
Railways.....	1,626	1,060	546	20
Other - Traction, Light, Heat, Power, Telephone, etc.	734	185	570	9
MANUFACTURING--				
Wood and paper products.....	465	98	365	2
Metal industries.....	425	80	340	5
All other manufacturing industries	499	205	285	9
Mining--	363	93	260	10
Merchandising and Service--	228	75	149	4
Insurance--	211	87	122	2
Finance and Mortgage Corporations--	296	162	97	37
Miscellaneous (agricultural lands, summer homes, prospecting, assets administered for persons or corporations residing outside Canada etc.)	275	160	85	30
GRAND TOTAL	6,848	2,721	3,996	131

Estimated Canadian Investments
Abroad as at December 31, 1937.
(In millions of dollars)

	Total	United Kingdom	United States	Other Countries
1. Canadian Government Credits	30.5	-	-	30.5
2. Estimated Net Assets of Canadian Banks Outside of Canada	114.0	15.0	90.0	9.0
3. Foreign Securities Held in Canada by Canadian Insurance Companies	170.0	12.0	131.0	27.0
4. Direct Investments	474.0	16.0	285.0	173.0
5. Miscellaneous Investments	906.0	10.0	511.0	385.0
GRAND TOTAL	1,694.5	53.0	1,017.0	624.5

N. B. In addition to the above investments abroad there are the assets abroad of Canadian insurance companies. In connection with these, however, it should be remembered that the liabilities to policyholders abroad exceed the value of the assets held abroad.

Estimated Net Assets(x) of Canadian Insurance Companies
Held Abroad as at December 31, 1937.
(In millions of dollars)

United Kingdom.....	80
United States.....	420
Other Countries.....	110
Total, All Countries	610

(x) Assets minus liability other than reserve (i.e. net liability outside of Canada under assurance, annuity and supplementary contracts in force for payments not due, dependent on life, disability or any other contingency or a term certain)

STATISTICS CANADA LIBRARY
BIBLIOTHEQUE STATISTIQUE CANADA



1010512197