



CANADA

THE CANADIAN BALANCE
OF
INTERNATIONAL PAYMENTS, 1954
AND
INTERNATIONAL INVESTMENT POSITION

DOMINION BUREAU OF STATISTICS

International Trade Division

Balance of Payments Section

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THE CANADIAN BALANCE

OF

INTERNATIONAL PAYMENTS, 1954

Summary

Canada's international transactions in goods and services resulted in a deficit of \$431 million in 1954, compared to a deficit of \$443 million in the previous year. While the current account deficits were not greatly different in the two years, the levels of both current receipts and payments were 5 per cent less than in 1953.

The stability of the deficit reflected opposite movements in the balances on merchandise and non-merchandise transactions. The trade balance, as adjusted for purposes of the balance of payments, swung from a deficit of \$58 million to a surplus of \$13 million. Merchandise exports fell by \$223 million, while imports fell further by \$294 million. The decline in exports reflected a decline of 3 per cent in both price and volume, while that in imports was wholly due to a volume decline of 7 per cent. The decline of export prices in the face of stability in import prices led to a deterioration of 3 per cent in the terms of trade.

Most of the improvement in the trade balance was offset by larger net payments for invisibles. The customary deficit on these transactions rose by \$59 million to \$444 million in 1954. Most of this

change represented higher payments for interest and dividends while receipts fell. Travel expenditures continued to rise while receipts were unchanged. The increased deficits on income and travel account were only partly offset by higher gold production available for export and a reduced deficit on freight and shipping account.

The general pattern of capital movements was little changed in 1954. Inflows for direct investment in foreign-controlled enterprises fell by some 12 per cent below the record levels reached in 1953. The net inflow from Canadian security transactions was also smaller than in 1953, although there was a spectacular increase in sales of Canadian stocks to non-residents. After several years during which there were very heavy outflows of private short-term capital, near-balance was restored in 1954, but there were substantial additions to Canada's official holdings of gold and foreign exchange. During the year the United States dollar was traded in Canada within a range of 2.41 cents. This compared with trading ranges of 3.03 cents in 1953 and 5.25 cents in 1952, indicating conditions of relative stability in the exchange market. Over the year as a whole the average price of the United States dollar in Canada was 97.32 cents or 1.02 cents lower than for 1953.

STATEMENT 1. Summary of the Balance of Payments Between Canada and All Countries, 1950-1954
(Millions of dollars)

Account	1950	1951	1952	1953	1954	Change in 1954
Commodity exports (adjusted) ¹	3,139	3,950	4,339	4,152	3,929	- 223
Commodity imports (adjusted)	3,129	4,097	3,850	4,210	3,916	- 294
Balance on commodity trade	+ 10	- 147	+ 489	- 58	+ 13	+ 71
Other current receipts	1,101	1,216	1,319	1,339	1,296	- 43
Other current payments	1,445	1,586	1,644	1,724	1,740	+ 16
Balance on invisibles	- 344	- 370	- 325	- 385	- 444	- 59
Current account balance	- 334	- 517	+ 164	- 443	- 431	+ 12
Direct investment in Canada	+ 222	+ 309	+ 346	+ 426	+ 376	- 50
Net new issues of Canadian securities	- 74	+ 227	+ 227	+ 189	+ 124	- 65
Net trade in outstanding Canadian securities	+ 329	+ 38	- 94	- 31	+ 55	+ 86
All other capital movements ²	- 143	- 57	- 643	- 141	- 124	+ 17
Net capital movement	+ 334	+ 517	- 164	+ 443	+ 431	- 12

1. Excluding Canadian Mutual Aid to NATO Countries.

2. Including amounts of - 694, - 39, - 80, + 42, and - 124 in 1950 to 1954 respectively, covering the Canadian dollar equivalent of increases (-) or decreases (+) in official holdings of gold and U.S. dollars.

Canada has had current account deficits since 1950, except in 1952. None of these deficits has exceeded 10 per cent of current receipts, however, and their sum since 1950 has been much more than covered by private long-term capital inflows. The deficits have been closely related to the striking growth 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 (particularly inventories), and a variety of imports fell as a result. At the same time, exports of Canadian grains declined and recessionary tendencies in some United States industries affected exports also. The decline in exports to the United States was moderate, however, and strong increases in industrial activity in Europe led to increased purchases of a number of products other than grains. After mid 1954, moreover, the level of both exports and imports was upwards. The decline in exports and imports was fairly balanced, with that in imports somewhat greater for the year; since payments for services rose, however, while receipts fell, the current deficit was not greatly changed.

The bilateral imbalance of the current account was reduced in 1954. There was a reduction in the deficit with the United States and a reduced surplus with overseas countries, although the surplus with the United Kingdom rose. These moderate changes, however, have left the bilateral pattern of the last few years relatively unchanged.

Canada contributed \$284 million in Mutual Aid to NATO countries in 1954. The total of such aid since 1950 rose to \$932 million, as measured for balance of payments purposes. These sums include shipments of equipment and supplies and the provision of air training to European aircrews. These unilateral transactions are offset by corresponding payments entries, so that they do not directly affect the current account balance. Expenditures for defence equipment and for military services are discussed later in this report.

Prevalence of Current Deficits Since 1950

From 1950 to 1954 inclusive, except for 1952, current payments for goods and services have exceeded receipts. A brief comment on the factors in these deficits and the effects on the balance of payments may be useful before proceeding to examine the balance of payments in detail.

Current account deficits mean, in effect, net borrowing of resources from non-residents. In Canadian economic history such deficits have tended to be associated with periods of great prosperity. This was the case, for example, in the period before 1914, in the late 'twenties, and in the past several years. In each of these periods the rate of growth in Canada has been equalled by that of few other countries. The current deficits have permitted a faster rate of growth than would otherwise have been possible, by supplementing the domestic resources which Canadians made available for investment in Canada.

The basic factor in the recent deficits has been the strong growth in domestic consumption, investment, and government defence spending since 1949. The rise in investment has been particularly outstanding in the development of new resources and industries. In addition, there has been a substantial element of investment in machinery and equipment in recent years which springs from the replacement of worn out or obsolete industrial equipment. For various reasons there was a long period of years when investment of this kind was very light. The growth in investment has been, in part, spurred by the inflow of foreign capital, particularly with respect to resource development. In part, however, the capital inflows have been attracted by the rapid development within Canada.

As a result of the strong domestic growth and the related capital inflows, the volume of imports has grown markedly. The heavy investment of the post-war period has, it is true, reduced the relative need for some imports such as petroleum, and enlarged export capacity in many lines. Nevertheless, except for 1952, the small trade surpluses or deficits of the period 1950-1954 are in marked contrast to the relatively large trade surpluses of earlier post-war years. At the same time, the travel and freight accounts have changed from surplus to deficit, and net payments for business services have risen sharply as foreign investment and economic activity increased. The major element in the deficit each year continues to be the large net payments for interest and dividends, reflecting Canada's net debtor position.

While emphasizing the relationship between the strong rate of development and the current deficits, note must also be taken of special factors affecting the balance of payments. In the earlier post-war years, when there were current surpluses, substantial loans were made to overseas countries to assist them in maintaining imports, at a time when commodities were generally scarce, and restrictions on Canadian payments were tightened in 1947. Later, as Canadian import restrictions were removed and as external supplies of commodities improved, Canadian imports rose. And as the balance of payments difficulties of the overseas world spread there was an extension of restrictions on foreign expenditures for Canadian exports. These restrictions sharply reduced Canadian exports of manufactured goods in the late 1940's and in the 1950's. In 1952 a marked improvement in the terms of trade and exceptionally large exports of grains led to a temporary surplus, in spite of rapidly rising import volume. In 1954 import volume declined as some lines of activity in Canada weakened for a time; since exports of grains also declined, however, the deficits continued.

The effects of the deficits are varied, but several can be noted here in relation to the balance of payments. The financing of the deficits has not in itself proved difficult. In no year have the deficits exceeded 10 per cent of current receipts. The deficits have, moreover, been more than covered by long-term capital inflows.

The eventual effects of the development of new resources and other investments upon Canada's commodity balance are yet to emerge. Many of the recent import demands have sprung from the development of new resources which take a considerable period to bring to the stage of full production. Thus it was only towards the end of 1954 that some new resource developments reached their initial production stage and started exporting on a still moderate scale. Other developments have yet to begin production. There has consequently been a deferment of the eventual favourable effects on Canada's trade balance which may be anticipated from much of the new investment.

On the other hand, the effect of the heavy capital inflow on net payments of interest and dividends has also been delayed. Receipts of income have risen sharply since 1949 as interest on government loans has risen, and there have been transfers of accumulated earnings. Payments of interest have risen considerably, but the larger and much more volatile element of dividends fell till 1954. In part this represented an artificial peak in 1950-1951, when changes in exchange control regulations led to a concentration of payments. The major factor keeping dividend payments low, however, has been the retention of earnings for expansion.

The financing of the current deficit is shown in statements of the capital account of the balance of payments. These show a marked acceleration of long-term capital inflows (direct investments and net new issues) after 1949. This, in turn, along with retained earnings and other factors, has led to a considerable increase in Canada's balance of international indebtedness in the past few years. While much smaller in relative terms than in the past, because of the immense growth in Canada's productive capacity, the net balance of indebtedness now exceeds that which prevailed in 1930. The effects of this are so varied that only a few can be noted briefly. It has meant a speeding up of the process whereby Canada has for long borrowed funds and technology from other economies, with many beneficial effects on incomes and living standards in Canada. It has also involved increasing non-resident control and ownership of Canadian resources, and the effects, both present and future, on income and business service payments abroad.

Quarterly Developments

Late in 1953 and for part of 1954 some sectors of Canadian production experienced a slowing down or decline in activity, which reversed the strong growth in import volume. However, since current receipts also declined, mainly because of reduced exports of grains, the decline in receipts and payments was a balanced one and the current deficit continued into 1954. By the second half of 1954 the expansion in the Canadian and United States economies had resumed, economic activity in overseas countries remained high, and Canadian foreign trade was rising once more.

The rapid increase of Canadian production to mid 1953 had carried import volume to record levels by mid year¹. Export volume had dropped to less than the level of the first half of 1952, the terms of trade had been slowly falling, and the deficit on non-merchandise transactions increased rapidly. As a result of these developments there were substantial deficits in the first half of 1953, in contrast to small surpluses one year earlier.

The reappearance of a substantial deficit on current account in the first quarter of 1953 was accompanied by an increased inflow of long-term capital for direct investment and for new issues of Canadian securities, which were sufficiently large to provide the exchange required. In the second quarter a sharp contraction occurred in inflows from the sale of new issues, and there was a wave of liquidation of foreign holdings of Canadian securities. Both these developments stemmed from a substantial drop in bond prices in the United States and contributed to a decline in the exchange value of the Canadian dollar in this period. After the middle of the year the current account deficit fell sharply, reflecting mainly the usual seasonal improvement in both the trade balance and invisibles. Private repatriation of Canadian securities did not continue on any significant scale and, as bond prices in the United States rose, a sharp increase occurred during the fourth quarter in sales abroad of new issues of Canadian securities. These developments were a factor in the increasing strength of the Canadian dollar.

The levels of exports and imports had begun to fall in the second half of 1953. On a seasonally adjusted basis the decline was mainly concentrated in the fourth quarter for both exports and imports, although imports experienced further declines in the first quarter of 1954. The subsequent movement of seasonally adjusted exports and imports in 1954 was moderately and generally upward. The level of other current receipts and payments was also reduced for most of the year, although increased payments of income in the fourth quarter of 1954 raised payments for invisibles above the levels of one year earlier.

The decline in exports reflected somewhat varying influences. The major factor was the improved world supply position of wheat and coarse grains, which led to a reaction to the unusually large exports of recent years. Setbacks to output in a number of industries in the United States and restrictions on imports of coarse grains moderately reduced exports to that market. Strong increases in industrial activity in many overseas countries, however, led to increased purchases of a number of exports other than grains.

The import declines were more widespread. Late in 1953 and for part of 1954 the increase in several components of gross national expenditure slowed and reversed itself. The reversal in business inventory change was particularly notable, and there was a substantial decline in machinery and equipment

1. Quarterly developments from 1950-1952 were examined in the previous annual issue of this report.

STATEMENT 2. Quarterly Current Account Balances between Canada and the Principal Countries and Areas, 1952-1954

(Millions of dollars)

Country or Area	1952				1953				1954			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
United States.....	- 202	- 264	- 141	- 242	- 243	- 338	- 132	- 191	- 237	- 281	- 58	- 234
United Kingdom.....	+ 86	+ 157	+ 70	+ 75	-	+ 30	+ 44	+ 59	+ 24	+ 31	+ 68	+ 109
Other sterling area	+ 39	+ 34	+ 20	+ 21	+ 29	+ 22	+ 21	+ 11	+ 15	+ 12	+ 6	+ 11
All other countries ¹	+ 105	+ 117	+ 126	+ 163	+ 28	+ 92	+ 52	+ 73	+ 22	+ 49	+ 4	+ 28
All Countries.....	+ 28	+ 44	+ 75	+ 17	- 186	- 194	- 15	- 48	- 176	- 189	+ 20	- 86

1. Including other OEEC Countries.

expenditures. Some of the industries affected by declining demands are substantial importers of machinery and supplies, so that much of the decline was communicated to imports.

The declines in current receipts and payments for most of 1954 were fairly balanced. Import volume fell more sharply than export volume in the first half of 1954 compared to the same period of 1953, but import prices were higher while export prices declined. Thus the commodity trade deficits in the two periods were not greatly different. In this connection, however, it should be noted that a change in the method of recording imports in June added some \$40 million to imports in that month. The decline in other receipts and payments reflected in part the fall in trade, as in the case of freight, and also some special factors. The deficit on invisibles was also not greatly changed in the first half of 1954 compared to the same period of 1953. The current deficits were \$380 million and \$365 million in the first half of 1953 and 1954 respectively.

The Canadian dollar tended to weakness over the first half of 1954, as it had in 1953. The price of the United States dollar in Canada rose from 97.38 cents at the beginning of the year to 97.91 cents at the mid year, moving through a low of 96.34 cents in February and a high of 98.75 cents in April. Sales abroad of new issues of Canadian securities, which were very heavy in the first quarter, contracted in the second as Canadian interest rates moved closer to those in the United States. At the same time retirements of Canadian securities rose sharply. The long-term capital inflows fell well short of the current account deficit and a large import of short-term capital was recorded on account of other capital movements; a part of this inflow was the counterpart of the statistical adjustment mentioned above.

Export and import volume had exceeded the levels of one year earlier by the fourth quarter of 1954. In the third and fourth quarters the surplus on trade increased over the levels of one year earlier. This improvement was offset, however, by

STATEMENT 3. Foreign Exchange Rates: U.S. Dollar in Canada 1953 and 1954

Quotations reported on transactions between banks in the exchange market

(Source: Bank of Canada)

Quarter	1953			1954		
	High	Low	Noon Average	High	Low	Noon Average
(Canadian cents per unit)						
I	98.63	96.75	97.71	98.19	96.34	97.01
II	99.78	98.00	99.08	98.75	97.66	98.27
III	99.44	97.78	98.82	97.91	96.78	97.14
IV	98.66	97.00	97.77	97.09	96.59	96.90
Year	99.78	96.75	98.34	98.75	96.34	97.32

Closing Quotations: 1953, 97.375; 1954, 96.59375.

a sharp rise in the fourth quarter deficit on invisibles as net payments for interest and dividends rose markedly. As a result of these opposite changes, the current deficits in the last half of 1953 and 1954 were almost unchanged at \$63 million and \$66 million respectively.

The third quarter of 1954 saw contractions in inflows both for direct investment and for transactions in Canadian securities, but the change in the current account balance from deficit to surplus was far larger and the Canadian dollar strengthened. As the year came to an end there was a great increase of direct investment flows, which reached a record level. Sales to non-residents of Canadian stocks also reached high levels but were more than offset by retirements of bonds and by other security transactions. The Canadian dollar strengthened further, closing at the year end with the price of the United States dollar in Canadian funds at 96.59 cents.

Bilateral Changes

During 1954 the bilateral imbalance of Canada's current transactions was modified. The deficit with the United States was reduced, while the surplus with each of the overseas countries or areas shown in the balance of payments, except the United Kingdom, was also reduced. It should be noted, however, that the current deficit with the United States has been between \$810-\$951 million in each of the past four years, while the surplus with overseas countries has been between \$379-\$461 million (except in 1952). In both 1953 and 1954 the United States accounted for 63 per cent of current receipts by Canada and 73 per cent of current payments, excluding Mutual Aid.

The current account deficit with the United States was reduced by \$94 million to \$810 million in 1954. The smaller deficit in 1954 was due to a larger fall in imports than in exports. The decline in exports to the United States was specialized.

While exports of coarse grains, some base metals, and some primary iron products were lower, exports of newsprint continued at high levels and some other wood products and nickel were higher. Imports of a number of iron and steel products fell considerably, as did imports of textiles and coal. The reduction of the deficit on commodity trade with the United States, however, was partly offset by a considerably increased deficit on invisibles. The major factor in this enlarged deficit was a sharp rise in net payments of interest and dividends. Both interest and dividend receipts from the United States were down sharply, while payments were higher in each case. The deficit on miscellaneous account also increased; the decline in receipts was mainly due to reduced United States government spending in Canada, while payments for various business services were higher. The deficit on travel account widened moderately as travel expenditures continued to rise. These changes, increasing the deficit on invisibles, overshadowed the effects on the balance of an increase in gold production available for export and a large drop in payments for freight.

The increased surplus with the United Kingdom must be viewed in the context of a relatively small surplus in the previous year. It should also be noted, however, that the surplus with the United Kingdom was rising at a time when the surpluses with many other overseas countries were declining. Both trade and non-merchandise items, but mainly the former, contributed to the enlarged surplus. In response to strong increases in industrial activity in the United Kingdom, Canadian exports of wood products, base metals, chemicals, and other products were higher. Increases in these exports, as measured by adjusted balance of payments data, fully offset the considerable decline in exports of wheat to the United Kingdom. While total exports were stable, imports from the United Kingdom fell, particularly in the case of textiles, automobiles, and other iron products. The smaller deficit on invisibles reflects mainly some large non-recurring defence payments for services in 1953.

STATEMENT 4. Summary of Current Account Balances between Canada and the Principal Countries and Areas, 1946-1954

(Millions of dollars)

Country or Area	1946	1947	1948	1949	1950	1951	1952	1953	1954	Change in 1954
United States	- 607	- 1,134	- 393	- 601	- 400	- 951	- 849	- 904	- 810	+ 94
United Kingdom	+ 500	+ 633	+ 486	+ 446	+ 24	+ 223	+ 388	+ 133	+ 232	+ 99
Other sterling area	+ 164	+ 242	+ 129	+ 135	- 23	- 24	+ 114	+ 83	+ 44	- 39
Other OEEC countries	+ 248	+ 276	+ 226	+ 185	+ 108	+ 223	+ 332	+ 173	+ 98	- 75
All other countries	+ 58	+ 32	+ 3	+ 12	- 43	+ 12	+ 179	+ 72	+ 5	- 67
All Countries	+ 363	+ 49	+ 451	+ 177	- 334	- 517	+ 164	- 443	- 431	+ 12

Exports to other sterling area countries, other O.E.E.C. countries, and the remaining overseas countries as a whole were reduced in each case. A considerable decline in wheat exports was primarily responsible for this, while motor vehicle exports also contributed to the decline. Exports of some wood and metal products, however, were higher, particularly to Western Europe. In contrast to the decline in exports, imports from these areas were either well maintained or higher, with increases particularly in agricultural products and non-metallic minerals. A sharp rise in the deficit on invisibles with Western European countries can be traced primarily to increased freight and shipping payments.

Both Canada's current account with overseas countries and the net capital movement from those countries were smaller than in 1953. As a consequence, exchange transfers in settlement of overseas balances, which had dropped in 1953 from a record post-war figure in excess of \$1,000 million in the previous year, fell again in 1954 to total \$516 million. An increase of \$40 million in net multilateral receipts from the United Kingdom was more than offset by a decrease in receipts from other overseas countries.

Changes in the Current Account

Merchandise Trade

Fluctuations in the balance of merchandise trade had smaller effects on the current account balance in 1954 than in most years when these fluctuations have usually been much greater — being sometimes of dominating importance. Although there was a considerable contraction in 1954 in the value of both exports and imports this was to a large extent offsetting and the change in the merchandise balance was relatively small. The change in the balance as adjusted when taken into the balance of payments was from a deficit of \$58 million in 1953 to a surplus of \$13 million.

Only the leading factors contributing to the changes in the merchandise account are referred to in the following analysis. More extended analysis and comment on commodity trade will be found in the Review of Foreign Trade, also published by the International Trade Division.

Prominent among economic influences on Canadian trade in 1954 were the diverging trends in industrial activity in North America and Western Europe. While the rate of economic expansion was interrupted in America and there were declines in industrial activity, the general trend in Western Europe continued to be upward. Industrial production in most Western European countries rose to new peaks and the widespread prosperity was not accompanied by a return of balance of payments difficulties.

The effects of these divergent trends were concealed to some extent in the movements in the totals of Canadian exports to the various countries and areas shown in the balance of payments. For example, exports to overseas countries declined 7 per cent while exports to the United States were 4 per cent lower. Thus there was the apparent paradox of greater declines in exports overseas than to the United States at a time when production and incomes overseas in many countries were rising to new peaks, while there was some recession in the United States. This is because of the concentration of decline in several commodities like wheat and automobiles which were subject to special influences and are largely sold to overseas countries. Other commodities sold to overseas countries rose in value, and strength in these demands tended to offset some softening in demands for various raw materials in the United States.

A decline in exports of wheat from the exceptional levels in the previous two years was a reflection of a general decline in world trade in wheat. With improving crops abroad and generally large supplies, importing countries greatly reduced purchases in 1954. And with some countries like the United Kingdom this trend was accentuated by a reduction in stocks during the year.

The decline in Canadian exports of wheat and other grains was greater than the drop in total exports of all commodities. The increases in exports of other commodities were most substantial in forest products and in non-ferrous metals, particularly in trade with the United Kingdom and other overseas countries.

Although Canadian imports declined in 1954 the value was still higher than in any year before 1953. This decline was widely distributed among the different sources of supply. A predominant influence was the interruption in the rate of economic expansion in Canada which occurred in 1954. Although declines were general the more notable occurred in machinery and equipment which is an element in Canadian expenditures on investment; total Canadian expenditures on machinery and equipment declined appreciably in 1954. Another factor which seems to have been influential in the reduced level of imports was some contraction in 1954 in inventories, in contrast to the rise which in the previous year appears to have contributed to the exceptionally high level of imports. A lower level of industrial production in Canada, too, was a factor reducing demand for some imports. But at the same time other demands continued to sustain the volume of imports as well as other current transactions. Among these were the high levels of personal incomes and consumption which continued in Canada.

The volume of imports fell by 6.6 per cent, the first time since 1948 that the index has shown a decline. Import volume remained in excess of the years before 1953, however. The largest declines

STATEMENT 5. Prices, Physical Volume and Terms of Trade of Domestic Exports and Imports
(1948 = 100)

Year and Quarter	Price Indexes		Terms of Trade	Volume Indexes	
	Exports	Imports		Exports	Imports
1950.....	108.3	110.3	98.2	93.6	109.2
1951.....	123.0	126.2	97.5	103.5	122.7
1952.....	121.8	110.4	110.3	114.9	138.0
1953.....	118.3	109.4	108.1	113.2	151.0
1954.....	115.1	109.5	105.1	109.6	141.0
1953 I.....	119.2	108.5	109.9	98.2	138.7
II.....	119.0	109.2	109.0	119.5	168.7
III.....	118.5	110.3	107.4	117.9	152.5
IV.....	116.9	110.2	106.1	116.9	143.4
1954 I.....	115.2	109.2	105.5	95.5	128.3
II.....	116.3	110.4	105.3	110.6	153.9
III.....	115.0	110.3	104.3	110.4	136.4
IV.....	114.4	109.1	104.9	121.1	144.2

Note. Indexes indicate movements in unadjusted trade data.

in import volume were in the fibres and textiles, iron and steel, and non-metallic mineral groups. The decline of 3.2 per cent in export volume was more moderate than that in imports, and was heavily concentrated in agricultural products and iron products. While export prices fell by 2.7 per cent, import prices were stable. The result was that the terms of trade deteriorated by 2.8 per cent. The terms of trade had deteriorated in 1953 also, but it should be noted that they had attained an unusually favourable level in 1952.

The merchandise trade values shown in this report are adjusted for non-commercial items, defence payments, and duplication with other parts of the current account. The usual effect of these adjustments is to reduce imports far more than

exports.¹ Thus the trade balances presented here will generally show larger surpluses or smaller deficits than those appearing in Customs trade returns, although changes in exports, imports, and the trade balance will usually not differ greatly.

The role of defence expenditures in the balance of payments was covered in the previous annual issue of this report. It may be noted here that payments for defence imports and exports are substituted in the balance of payments for the actual

1. In 1951, by contrast, the adjustments led to a reduction of \$15 million in exports and an addition of about the same amount to imports. See the following paragraph.

STATEMENT 6. Adjustments to Commodity Trade, 1953 and 1954

(Millions of dollars)

Exports	1953	1954	Imports	1953	1954
Domestic exports in trade returns	4,117.4	3,876.1	Imports in trade returns	4,382.8	4,093.2
Exports of foreign produce	55.2	65.6			
Total exports	4,172.6	3,941.7			
Adjustments:			Adjustments:		
Tourist exports	- 3.2	- 3.0	Tourist imports	- 73.8	- 68.8
Settlers' effects	- 16.1	- 17.3	Settlers' effects	- 29.0	- 29.9
Private donations	- 3.0	- 2.7	Advertising	- 6.5	- 7.1
Warehousing	+ 6.2	+ 5.0	Warehousing	+ 14.2	+ 2.9
All other adjustments	- 4.7	+ 5.4	All other adjustments	- 78.1	- 74.0
Total adjustments	- 20.8	- 12.6	Total adjustments	- 173.2	- 176.9
Merchandise exports (adjusted)	4,151.8	3,929.1	Merchandise imports (adjusted)	4,209.6	3,916.3
(Table I, item A1)			(Table I, item B1)		

physical imports and exports. The effects of this part of the adjustment largely cancel out in the cumulative balance for 1950-1954. In addition, imports for the account of foreign governments are deducted from recorded imports for balance of payments purposes. These two adjustments contributed about \$80 million to the deficit in 1951, when defence payments exceeded actual defence imports. In 1952, however, these adjustments added about \$100 million to the surplus of that year, and in 1953 and 1954 reduced the deficits by \$60-\$70 million in each case.

In evaluating the data for 1954 it should be noted that a change in import coding procedures had the effect of increasing the length of the June import month and the import year by about two working days. It is estimated that this change in itself would increase the value of June and annual imports by some \$40 million. It would also have a corresponding effect on the leads and lags reflected in short-term capital movements.

The value of non-monetary gold available for export rose by \$11 million to \$155 million in 1954. The increase in 1954 was concentrated in the last three quarters, and reflects to an important extent the effects on output of the strike in the last half of 1953 and early in 1954. It should be added also that in 1954 the volume of new gold production available for export, as defined below, also exceeded the previous post-war peak of 1952. The value of this item has not changed greatly over the past four years (except for the effects of the strike in 1953) in contrast to the increases from 1946-1950. The fixed U.S. dollar price for gold in the face of the general increase in costs, and the discount on the U.S. dollar in terms of Canadian funds have limited increases in this current account item. Since November 1, 1951, this item has included not only the sales by the Mint to the Exchange Fund and a small amount exported in the form of concentrates, but also sales abroad of commercial gold by producers. Increases in stocks held at the Mint in safekeeping for the mines are excluded.

STATEMENT 7. Principal Elements of Canada's Current Account with All Countries, 1950-1954
(Millions of dollars)

Account	1950	1951	1952	1953	1954 ²	Change in 1954
Exports (adjusted) ¹	3,139	3,950	4,339	4,152	3,929	- 223
Imports (adjusted)	3,129	4,097	3,850	4,210	3,916	- 294
Balance on commodity trade	+ 10	- 147	+ 489	- 58	+ 13	+ 71
Gold production available for export	+ 163	+ 150	+ 150	+ 144	+ 155	+ 11
Travel expenditures	+ 49	- 6	- 66	- 63	- 80	- 17
Interest and dividends	- 384	- 335	- 268	- 239	- 288	- 49
Freight and shipping	- 17	- 3	+ 8	- 56	- 46	+ 10
Inheritances and migrants' funds	- 4	+ 7	- 9	-	- 5	- 5
All other current transactions	- 151	- 183	- 140	- 171	- 180	- 9
Balance on non-merchandise transactions	- 344	- 370	- 325	- 385	- 444	- 59
Current account balance	- 334	- 517	+ 164	- 443	- 431	+ 12

1. Excluding Canadian Mutual Aid to NATO countries.

2. Subject to revision.

Travel Expenditures

There was an increase in the size of the deficit on travel account with all countries due mainly to a rise in Canadian travel expenditures in overseas countries.

The travel account with the United States showed comparative stability in the face of the recession in business in North America. A slightly larger deficit resulted from small changes in both receipts and payments. Nevertheless the total value of expenditures in Canada of travellers from the United States was virtually unchanged in total. This was possible as personal incomes and expenditures on consumption remained high and some types of traffic between

the two countries rose in volume. Among traffic showing declines was the number of United States automobiles entering Canada on travellers vehicle permits. This important group of travellers, which is a source of a large part of the summer travel business, only receded 2% in number and remained well above the totals in any earlier year.

Canadian travel expenditures in the United States were also maintained at a high level but the slight rise in total over that of the previous year contrasted with the sharp rises characteristic of preceding years since 1948. Purchases declared by returning Canadian travellers were moderately lower than in the previous year.

The rise in Canadian travel expenditures in countries other than the United States was widely distributed. There was a considerable growth in the volume of Canadian travel to most areas. But the largest part of Canadian expenditures overseas continued to be in the United Kingdom and in Con-

tinental Europe. Almost one-fifth of the external expenditures of Canadian travellers are now in countries other than the United States, a ratio which is rapidly growing with improving transatlantic transportation facilities and growing income.

STATEMENT 8. International Travel Expenditures between Canada and Other Countries, 1948-1954
(Millions of dollars)

Year	Account with United States			Account with Overseas Countries			Account with All Countries		
	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments	Net
1948	267	113	+ 154	12	21	- 9	279	134	+ 145
1949	267	165	+ 102	18	28	- 10	285	193	+ 92
1950	260	193	+ 67	15	33	- 18	275	226	+ 49
1951	258	246	+ 12	16	34	- 18	274	280	- 6
1952	257	294	- 37	18	47	- 29	275	341	- 66
1953	282	307	- 25	20	58	- 38	302	365	- 63
1954 ¹	280	313	- 33	22	69	- 47	302	382	- 80

1. Subject to revision.

Income Account

Net payments for interest and dividends rose by \$49 million in 1954 to \$228 million. Both interest and dividend receipts were lower, and payments in each case higher. The increase in the deficit in 1954 is in contrast to the tendency from 1950 to 1953 when, in spite of the rising trend of Canada's net international indebtedness, the deficit on income account had been falling.

Interest receipts have been at high levels in recent years, mainly because of increased receipts on government loans compared to the period before 1950. Such receipts continued at the previous year's level in 1954. But interest on Canadian holdings of United States Government securities declined sharply in 1954, primarily because of reduced rates in the United States. Dividend receipts have been unusually high in the past few years, partly because of higher earnings but mainly because of transfers of accumulated past earnings by Canadian subsidiaries abroad. The decline in 1954 was restricted to a few companies, with most of the major Canadian companies reporting dividend receipts showing increases. While receipts from the United States fell, those from overseas countries were higher.

One of the effects of the large capital inflows is apparent in interest payments, which have risen steadily with the large net new issues placed abroad in recent years. Dividend payments, on the other hand, are not contractual payments and are not closely related to the current levels of foreign financing. In spite of the rise in foreign indebtedness, dividends fell until 1954. The large payments in 1950-51 were unusual, it is true, in that they partly reflected timing changes on the part of exchange control regulations. Nevertheless, payments in recent years have been substantially below

earnings accruing to non-resident shareholders. Both the recency of many of the investments and the retention of funds to expand investment have meant that the increase of foreign investment in Canada in recent years has not yet been reflected in dividend payments to an important extent.

In 1954, in spite of a decline of 7 per cent in total Canadian corporate profits after taxes, dividend payments to non-residents increased. An important part of the rise was due to increased dividend rates by a number of public companies partly owned by non-residents, and increased holdings of stocks of such companies by non-residents. Transfers of earnings by subsidiaries to parent companies also rose moderately on balance, although there were wide and opposite changes by industrial groups in the past year. Dividend payments were higher not only to the United States, but to the United Kingdom and some other European countries which have been increasing their investment in Canada recently.

STATEMENT 9. Receipts and Payments of Interest and Dividends between Canada and All Countries, 1950-1954

(Millions of dollars)

Year	Receipts		Payments		Balance
	Interest	Dividends	Interest	Dividends	
1950	28	63	109	366	- 384
1951	53	62	114	336	- 335
1952	60	85	115	298	- 268
1953	63	102	121	283	- 239
1954 ¹	53	90	134	297	- 288

1. Subject to revision.

Freight and Shipping Account

While the deficit on freight and shipping account in 1954 was less than in the preceding year it remained high in comparison with earlier years. The deficit contrasts particularly with surpluses in the period up to 1949, and the effects of this transition upon the current account balance in the interval have been of major proportions.

The surplus of \$50 million in 1949, for example, contrasts with a deficit of \$46 million in 1954. Underlying factors behind this change in the last five years have been the greater growth in the volume of imports than of exports and a drastic reduction in the size of the Canadian Merchant Marine, and the conditions under which the remainder of the Fleet operates. Also of significance to the size of receipts and payments have been the variations in the commodity composition of trade and the effects that this has on inland transportation both in Canada and the United States. Most of the deterioration in the balance during the five years has been in the account with overseas countries, although there has also been a broadening of the deficit with the United States.

A decline in the deficit between 1953 and 1954 from \$50 million to \$46 million was the result of wide change in the bilateral unbalance of the freight account. A sharp reduction in the size of the deficit with the United States was mainly offset by a fall in the balance of receipts by Canada in the accounts

with overseas countries. The smaller deficit with the United States in 1954 was all due to reduced payments. Inland freight costs in the United States were lower with a reduced volume of commodities, particularly in the case of some like coal where freight costs are relatively high. Payments to the United States for the charter of vessels were also much less in 1954 but this was more than offset by larger payments to other countries for chartering vessels. The latter was one of the main factors contributing to the decline in Canada's surplus in overseas countries in 1954. In addition, there were some reductions in receipts from the operations of Canadian shipping companies and from inland freight on exports to overseas countries. At the same time it will be noted that the earnings of Canadian operated vessels from exports and from revenues on traffic carried between foreign ports were relatively well maintained even though there were numerous transfers of the registry of Canadian vessels to British registry for operation by British managers. This was partly because of earnings of Canadian operators of foreign vessels whose revenues are included in this series for balance of payments purposes, as their payments for the chartering of the vessels are included among debits. A factor leading to some reductions in the last few years in earnings on inland freight on exports taken into the freight account has been a change in the circumstances of sale of some commodities. This had accompanying effects upon the freight costs included in the valuation of exports.

STATEMENT 10. Freight and Shipping Transactions between Canada and Other Countries, 1950-1954
(Millions of dollars)

Item	1950	1951	1952	1953	1954 ¹
Receipts by Canada					
Ocean Shipping:					
Canadian operated ships:					
Gross earnings on exports	48	54	56	58	61
Charter receipts	6	12	13	7	3
Revenues between foreign ports	16	34	33	17	16
Sub-Total	70	100	102	82	80
Expenditures of foreign ships in Canada	38	40	43	41	35
Gross Shipping Receipts	108	140	145	123	115
Inland freight on exports	142	177	201	161	159
Intransit revenues	28	28	29	29	27
Other receipts	6	6	8	5	8
Gross Receipts (Table I, item AG)	284	351	383	318	309
Payments by Canada					
Ocean Shipping:					
Expenditures abroad of Canadian shipping companies	20	33	64	60	67
Charter payments	18	27			
Freight on imports via Canadian ports	66	76	71	75	66
Gross Shipping Payments	104	136	135	135	133
Inland Rail Freight in U.S. on Imports:					
Coal via vessel	53	49	48	48	39
Coal via rail	40	38	33	26	22
Other rail freight	80	97	117	121	112
Sub-Total	173	184	198	195	173
Miscellaneous Payments	24	34	42	44	49
Gross Payments (Table I, item BG)	301	354	375	374	355

1. Subject to revision.

Inheritances and Migrants' Funds

Net transfers of inheritances and migrants' funds, which were in balance in 1953, showed a small deficit of \$5 million in 1954.

The reduced volume of immigration in 1954 led to a decline in immigrants' funds by \$3 million to \$71 million. The decline in funds was moderated by an increase in immigration from the United States, which involves high average transfers of funds, and some loosening of overseas restrictions on transfers of funds toward the year end. By contrast, payments for inheritances and emigrants' funds are estimated to have risen in 1954, partly in response to a higher volume of emigration to the United Kingdom.

Miscellaneous Current Transactions

Throughout the post-war period the deficit on miscellaneous current transactions has been second only to that of the income account. The deficit on these transactions since 1950, moreover, has been approximately double that prevailing in the earlier post-war years. The appearance of current account deficits since 1950 has reflected not only the reduction in trade balances, but the appearance of deficits on travel and freight and shipping accounts and the increased deficit on miscellaneous transactions.

Miscellaneous receipts fell more than payments in 1954, increasing the deficit on this account to \$180 million. Reduced defence spending in some projects in Canada by foreign governments was the major factor decreasing receipts. Canadian Government spending abroad was also lower in 1954. The latter decline was restricted to large non-recurring

defence payments of a service nature in 1953, which were recorded in the account with the United Kingdom, and to decreased official contributions. Such contributions are mainly an offset to exports under the Colombo Plan to other sterling area countries. Other government expenditures abroad were generally higher. It should be noted that the government transactions on this account exclude merchandise transactions, Mutual Aid to NATO countries, and the servicing of debt.

Personal and institutional remittances have been at high levels in recent years, reflecting the large number of recent immigrants living in Canada and the technical and military personnel from the United States. Increased transfers of income by financial institutions from abroad led to a rise in miscellaneous income receipts, while miscellaneous income payments have also been rising with the increased foreign investment in Canada.

The major factor in the continuing large deficit on miscellaneous transactions is business services and related transactions. These terms cover a wide variety of services, which are incurred to an important extent in connection with foreign trade and particularly foreign investment. The continuing deficit on this account, as in the case of interest and dividends, is primarily a reflection of Canada's net debtor position. The borrowing of technology from abroad through subsidiaries and branches or by lease, the use of the administrative and technical services of other countries, and close business contacts generally have led to substantial net payments for business services. Both receipts and payments for such services were higher in 1954, as in recent years, as direct investments in Canada and abroad have risen and production and investment generally have been high.

STATEMENT 11 Miscellaneous Current Transactions with All Countries

Revised 1953 and Preliminary 1954

(Millions of dollars)

Item	1953		1954		
	Receipts	Payments	Receipts	Payments	Balance
Official contributions	—	25	—	11	- 11
Government transactions, n.o.p.	149	128	118	109	+ 9
Personal and institutional remittances	22	55	22	57	- 35
Miscellaneous income ¹	30	35	34	37	- 3
Business services and other transactions	118	247	124	264	- 140
Total (Table I, items A11 and B9, 11).....	319	490	298	478	- 180

1. Including transfers of branch profits by insurance companies and banks.

Capital Movements

Long-term inflows of foreign capital continued to be the dominant characteristic of the capital account. But there was a hesitation in the flow of direct investment funds, which for the first three quarters of the year was at an annual rate \$100 million lower than in 1953. In the final quarter of 1954, the inflow set a new record and the shortfall for the year was reduced to \$50 million. Transactions in Canadian securities led to a somewhat larger inflow than in 1953. Sales abroad of new issues of Canadian bonds and debentures were larger than in the previous year, but the increase was offset by high repatriation through retirements and trading. As a result, receipts from all transactions in Canadian bonds and debentures were lower than in 1953. A very substantial growth occurred in net sales abroad of Canadian stocks and accounted for the increase in the capital inflow from all transactions in Canadian securities. Private short-term capital movements were inwards, on balance, after two years of very substantial outflow, whereas the operations of the Exchange Fund led to a substantial outflow in contrast to the inflow recorded in 1953.

There continued to be a significant net movement of capital from overseas countries although, on balance, it was smaller than in 1953. This decline was, however, due chiefly to movements of a short-term character, mainly in connection with the financing of trade, or with interest arbitrage.

Direct Investment in Canada

The movement of capital into Canada for direct investment in foreign-controlled enterprises has been a dominant characteristic of the Canadian balance of international payments in recent years. Foreign capital has been an important though minority participant in the great expansion which has occurred in Canadian industry, and capital transfers have been a source of great strength in the value of the Canadian dollar on the world's exchange markets. In 1954, for the first time in the post-war period, the annual net movement of foreign direct investment capital into Canada fell. The net inflow of \$376 million represented a decline of \$50 million or about 12 per cent compared with 1953. It should be noted, however, that the 1954 inflow remained significantly higher than the level of years earlier than 1953, and that the import of \$138 million recorded in the fourth quarter actually set a new record.

United States capital accounted for \$291 million or slightly over three-quarters of the net movement, a somewhat lower proportion than in previous years. Inflows from the United Kingdom reached \$63 million in 1954, an increase of \$13 million over 1953, while the movement from other overseas countries fell from \$35 million to \$22 million.

Some detail of the post-war movement of direct investment capital from the United States will be

found in statement 12 which also gives an indication of the other factors contributing to the growth in the book value of this type of investment. Financing of the petroleum industry in Canada led to record capital inflows of \$207 million, compared with \$158 million in 1953. In the nine years since the end of World War II, the gross inflow for petroleum exploration, development and refining, has totalled \$827 million, of which one-quarter occurred in 1954. Inflows for mining fell from \$103 million in 1953 to \$61 million in 1954; this was the first annual decline recorded in the post-war years and it coincided with the commencement of operations by some of the major new developments. The inflow for investment in the pulp and paper industry rose to \$23 million reflecting in the main the acquisition from Canadian owners of controlling interest in a Canadian company. Gross inflows for all other direct investments totalled \$55 million, a decrease of \$35 million from 1953 when inflows to the chemical manufacturing industry and to merchandising establishments were considerably larger than in 1954.

The gross inflow from the United States totalled \$346 million, but there were capital outflows of \$55 million representing the return of capital arising both from normal repayments and from such other sources as the raising of funded debt in Canada, and the sale of enterprises or of minority interests in them to Canadians. Other capital movements are estimated to have added an additional \$38 million to United States investment in controlled enterprises in Canada and the retention of profits and all other factors are tentatively estimated to have added \$191 million. The growth in book value of United States direct investment in Canada is consequently placed at \$520 million in 1954, bringing the aggregate value at the year end to \$5,700 million.

The flow of direct investment capital from the United Kingdom increased by 40 per cent over 1953, to total \$63 million in 1954. At this rate, it represented about 17 per cent of the net movement from all countries. The areas of British investment were in distinct contrast to those of United States capital. Net inflows to manufacturing industries were actually higher from the United Kingdom than from the United States, representing over 60 per cent as compared with less than 15 per cent of net transfers from the two countries respectively. But the mining sector, including petroleum exploration and development, received about 80 per cent of the flow from the United States and less than 10 per cent of the net movement from the United Kingdom. Major amounts of British capital were made available for the manufacture of chemical, paper, and metal products, merchandising, finance, construction, and the aircraft industry.

Movements of direct investment capital from other overseas countries amounted to \$22 million, all of which came from European countries. This inflow was smaller than in 1953 when there were exceptionally large transfers to finance a new petroleum company, but it was much larger than in earlier

post-war years. About one-half the net inflow was for manufacturing industries and one-quarter each for mining (including petroleum), and for other enterprises.

In attempting to evaluate the significance of direct investment inflows as an expansionist force in the domestic economy, it should be borne in mind that by no means all the inflows lead to new capital formation. In the petroleum field particularly, payments for royalties, rentals, and the purchase of leases and land, represent important capital expenditures having no direct counterpart in Gross Domestic Investment. Other parts of capital inflows may be absorbed in the need for increased financial working

capital. A significant development in 1954 was an increasing tendency for non-residents to acquire existing Canadian-owned assets. This was particularly evident in the inflows for manufacturing, real estate, and construction. On the other hand, repurchases in whole or part by Canadians of foreign investments in Canada were also much larger than in 1953. Compared with the previous year, on balance, perhaps as much as \$25 million more of the inflow was for the net purchase of existing assets other than land for new enterprises. Taking into account also the lower level of inflows, there seems to have been a decline in the primary influence of foreign direct investment inflows on Gross Domestic Investment of the order of \$100 million in 1954.

STATEMENT 12. United States Direct Investment in Canada, 1946-1954
(Millions of dollars)

Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1946-1954
Inflow of new capital:										
Petroleum exploration, development and refining	2	12	23	59	98	140	128	158	207	827
Transportation	—	—	—	—	18	10	51	20	—	99
Mining	—	2	5	10	30	37	99	103	61	347
Pulp and paper	20	11	14	3	9	31	7	1	23	119
Other manufacturing, and miscellaneous	41	41	37	42	88	91	78	90	55	563
Gross inflow	63	66	79	114	243	309	363	372	346	1,955
Return of capital	25	8	18	30	43	39	44	26	55	288
Net capital inflow for direct investment (Table I, item D1)....	38	58	61	84	200	270	319	346	291	1,667
Net other identified capital movements affecting the investment of U.S. residents in U.S.—controlled enterprises	- 43	- 35	20	17	17	34	161	21	38	230
Net capital inflow	- 5	23	81	101	217	304	480	367	329	1,897
Retention of profits, and other factors including revaluations, reclassifications, and similar accounting adjustments	129	97	178	187	114	167	159¹	277	191²	1,499²
Net Increase in book value (Table VIII)	124	120	259	288	331	471	639	644	520²	3,396²

1. This figure is affected by unusually large reclassifications between direct and portfolio investments.

2. Provisional estimate subject to revision.

Note. In addition to investment in new construction and new machinery and equipment included in gross domestic investment as published in the National Accounts, the above figures reflect investment in other forms and the acquisition of existing assets and resources of Canadians. For these and other reasons the series are not strictly comparable.

Direct Investment Abroad

The net outflow of capital for direct investment in Canadian enterprises abroad totalled \$74 million, some \$11 million higher than was recorded in 1953, and only slightly smaller than in 1952. The United States was the principal area of investment, accounting for \$44 million. Transfers to the United Kingdom aggregating \$10 million were significantly higher than in recent years but covered the acquisition of some assets in other parts of the world. Outflows to other overseas countries were considerably lower than in 1953, mainly as a result of completion of some expansion programmes.

The beverage industry abroad, in which Canadians have long held an important interest, was the

largest recipient of direct investment capital from Canada in 1954. Other major exports of Canadian capital took place in connection with the farm implements industry, petroleum pipelines, and mining and petroleum development.

Trade in Outstanding Canadian Securities

For the first time since 1951, trade in outstanding securities led to a capital import in 1954. A net inflow of \$55 million resulted from the record volume of trading which reached nearly \$1,200 million. This inflow succeeded outflows aggregating \$125 million in the two preceding years. As has been the case each year since 1950, Canadians repurchased government bonds, but sold corporate bonds and

STATEMENT 13. Transactions in Canadian Securities between Canada and Other Countries, 1954

A minus sign indicates an outflow of capital from Canada

(Millions of dollars)

Account	Trade in Outstanding Issues	Proceeds of New Issues	Retirements	Total
By Type of Security				
Bonds and Debentures:				
Government of Canada, direct	- 27	+ 5	- 59	- 81
Government of Canada, guaranteed	- 31	+ 4	- 10	- 37
Provincial government (including guaranteed)	- 29	+ 126	- 63	+ 34
Municipal government	+ 3	+ 45	- 29	+ 19
Railways, not guaranteed by Government	+ 2	+ 25	- 3	+ 24
Other corporations	+ 16	+ 100	- 30	+ 86
Sub-total: Bonds and Debentures	- 66	+ 305	- 194	+ 45
Common and Preference Stocks	+ 121	+ 21	- 8	+ 134
Total (Table I, items D3, 4, 5)	+ 55	+ 326	- 202	+ 179
By Country				
United States	- 2	+ 294	- 184	+ 108
United Kingdom	+ 21	+ 20	- 12	+ 29
Other Sterling Area Countries	-	-	- 4	- 4
Other OEEC Countries	+ 12	+ 12	- 1	+ 23
Other Countries	+ 24	-	- 1	+ 23 ¹
Total (Table I, items D3, 4, 5)	+ 55	+ 326	- 202	+ 179
By Quarter				
First quarter	+ 16	+ 174	- 25	+ 165
Second quarter	+ 21	+ 93	- 75	+ 39
Third quarter	+ 1	+ 35	- 48	- 12
Fourth quarter	+ 17	+ 24	- 54	- 13
Total (Table I, items D3, 4, 5)	+ 55	+ 326	- 202	+ 179

1. Including net increase of \$23.5 million Government of Canada bonds held by International Bank for Reconstruction and Development.

stocks. While the rate of repatriation of government (and municipal) bonds, \$84 million in 1954, was considerably higher than in 1953, there was a marked growth in sales to non-residents of securities of Canadian corporations. These included \$121 million of common and preference stocks. It was this development which led to the capital import of \$55 million in contrast to an outflow of \$31 million in 1953. The general pattern of trading over 1954 was one of increasing volume and increasing disparity between the balances on account of transactions in Canadian stocks and in Canadian bonds and debentures. As a result of the divergent movements, there were net inflows of capital 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.

Trading in outstanding Canadian issues between Canada and the United States led to a small outflow of \$2 million capital, in contrast to the outflow of \$80 million recorded in 1953. Perhaps the outstanding development in security trading during the year was a marked revival of interest of United States investors in the equity securities of Canadian corporations. This led to net sales of \$84 million of common and preferred stocks compared with \$6 million in 1953. Contributing to the development 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. Newly formed companies of this type, which raised more than \$125 million of United States capital during the year, are treated as residents of the United States for the purposes of Canadian balance of payments statistics.

The inflow of capital arising from sales of Canadian stocks to the United States was more than offset by the repatriation of Canadian bonds and debentures which totalled \$96 million, or slightly more than in 1953. Net repurchases of Government of Canada direct debt fell and there were net sales of municipal and corporate issues but market repatriation of government guaranteed and provincial issues occurred on a relatively large scale.

For the second successive year since 1937, Canada had a sales balance from security trading with the United Kingdom, although the capital inflow of \$21 million did not quite reach the total of \$27 million recorded for 1953. In that year, however, net sales consisted of \$20 million Canadian bonds and debentures, and of \$7 million Canadian common and preference stocks. In 1954, Canadian equities attracted greater attention from British investors, and, on balance, alone accounted for the net capital

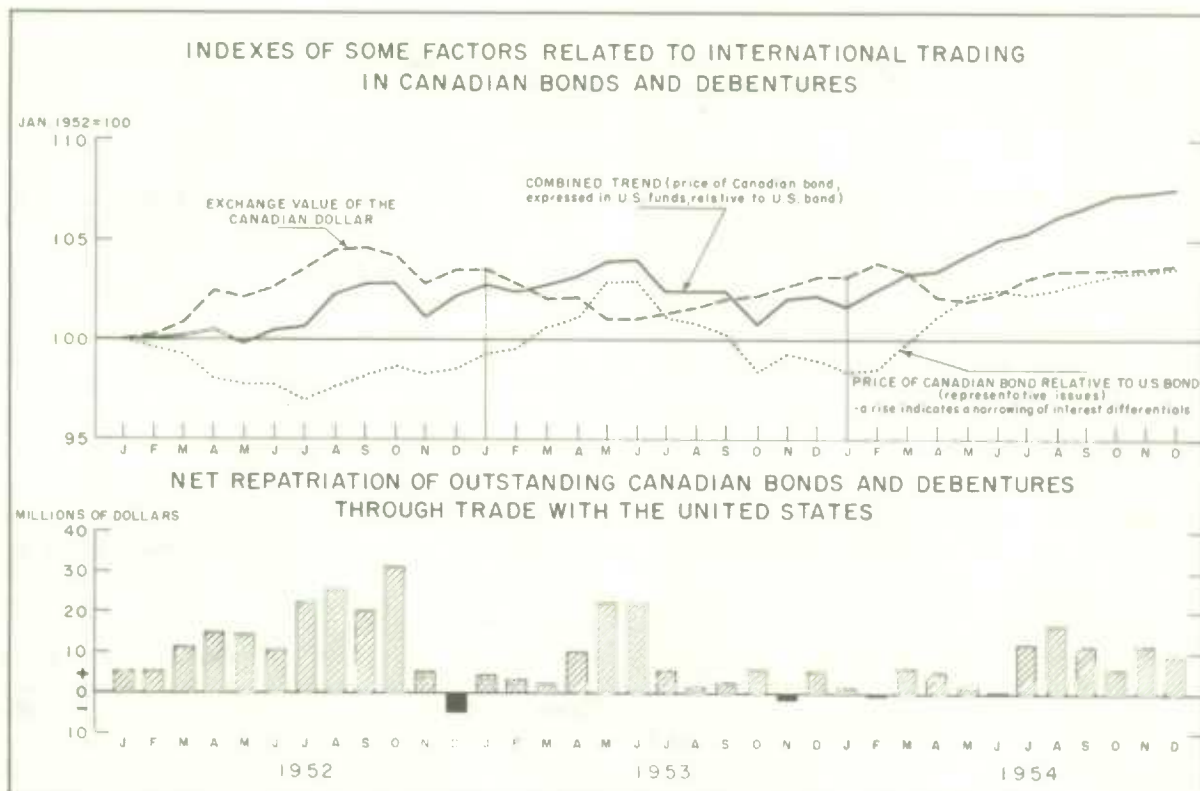
movement. The year 1954 was the first full year of trading since the withdrawal by the United Kingdom of special restrictions imposed on the switching abroad of Canadian securities. The volume of trading in outstanding Canadian securities between Canada and the United Kingdom continued to grow, rising from \$71 million in 1953 to \$127 million in 1954. This was over four times the rate prevailing in 1951.

Trade in outstanding Canadian securities with other overseas countries led to a net capital inflow of \$30 million. This sales balance was \$14 million larger than in 1953, and represented a new record. About \$24 million of the total was, however, of a special character, representing the employment in Government of Canada obligations of funds raised in the Canadian capital market by the International Bank for Reconstruction and Development. Transactions with other holders resulted in a repatriation of Government of Canada direct debt, but there were net sales of other types of bonds and debentures and of Canadian stocks. The sales balance of \$16 million on account of stocks is larger than in either 1953 or 1952, but fell well short of the record figure of nearly \$27 million reached in 1951.

The heavy net sale abroad of outstanding Canadian stocks was undoubtedly a factor contributing to an increase in common stock prices. These rose by more than one-third as measured by the DBS Investors' composite series, which during the year surpassed the twenty-five year peak touched in September 1929. But any attempt to assess the role of non-residents in the rise in the Canadian market

must take into account the selective investment policy followed by the new investment funds which are generally understood to have concentrated on the higher grade Canadian issues. Nor should it be overlooked that rising stock prices were typical of the United States and practically all markets throughout the world. The net sales to non-residents represented less than four per cent of the quoted value of listings on the principal exchanges in Canada. By no means all of the issues listed are, however, "in the market", and sales to non-residents appear to have accounted for nearly one-fifth of the aggregate value of transactions on the principal exchanges in Canada in 1954, compared with one-sixth in 1953.

Both the exchange rate and the differential in interest rates are related to international trade in bonds and debentures, but it is not generally possible to identify the degrees to which they are cause or effect. The accompanying chart indicates these relationships over the years 1952 to 1954. Indexes are shown for the exchange value of the Canadian dollar, the price in Canadian dollars of a representative Canadian Government long-term bond (Canada 3/61-66) relative to the price in U.S. dollars of a roughly comparable United States Treasury issue (2½/63-68), and an index combining these two series. The combined index measures changes in the price to a United States investor of the Canadian issue, in terms of the roughly comparable United States issue, while the other indexes are approximate measures of the components of exchange rate and interest rate differentials.



The changing interplay of these elements will be apparent from the chart. Through 1952, the higher value of the Canadian dollar on the exchange markets was the factor contributing to the relative rise in the price of Canadian bonds and debentures to United States investors. The heavy repatriation of Canadian bonds and debentures in 1952 was undoubtedly influenced by this rise. In the first half of 1953, the Canadian dollar weakened somewhat, but interest rates in the United States rose much more rapidly than in Canada and the narrowing of the spread between them was more than sufficient to offset the effect of the exchange rate. A second wave of repatriation of Canadian bonds and debentures occurred at this time as United States investors took advantage of the favourable opportunity. It seems likely that this movement was a factor in weakening the Canadian dollar at this time. Policies adopted by the United States authorities eased the pressure on the United States money market in the second half of the year. The interest differential widened, the rate of repatriation of Canada bonds and debentures contracted, and the Canadian dollar strengthened.

Over 1954, the exchange rate was comparatively stable. Interest rates in both Canada and the United States fell, but the decline in Canada was much the larger. The differential between average yields on the Canadian and United States long-term Government issues used in the chart fell to less than four-tenths of one percentage point in the final month of 1954, a spread narrower than for any month in nearly seven years. This contraction in interest rate differentials contributed to a substantial volume of repatriation of Canadian bonds and debentures from the United States.

While the series shown on the chart and discussed above are among the more significant factors related to international trading in Canadian bonds and debentures, there are many other influences which are not reflected. Among these are the existence of issues payable in foreign currencies, and corporate issues having conversion privileges or carrying stock purchases warrants, to which special considerations may apply. Moreover, the United States portfolio of Canadian bonds and debentures payable in Canadian dollars has been greatly reduced in the past few years and it may be questioned whether repatriation in the future may be as readily induced by changes in exchange and interest rates as when holdings were larger.

More extensive analysis of Canada's international security trading will be found in the DBS report on "Sales and Purchases of Securities between Canada and other Countries, December, 1954, and Review of Security Trading during 1954".

New Issues and Retirements of Canadian Securities

The net inflow to Canada in 1954 of \$179 million from all Canadian portfolio security transactions was much larger than the balance on account of

trade in outstanding issues. The sale abroad of new issues led to a capital inflow of \$326 million, while retirements of foreign held debt resulted in an outflow of \$202 million. Net new issues of \$124 million in 1954 were \$65 million lower than in 1953, notwithstanding the fact that special repatriation through negotiated repurchase of United States currency issues of the Government of Canada amounted to only \$21 million compared with \$73 million in the earlier year. The decreasing importance of foreign investors as a source of debt financing is indicated by the fact that only about 12 per cent of the increase in outstanding Canadian provincial, municipal and corporate funded debt originated from net new issues to non-residents. In the previous year, the share of non-residents was more than double this figure. Provincial governments, which on balance borrowed nearly one quarter of their requirements from non-residents in 1954 compared with more than forty per cent in 1953, were the class of borrower with the highest share of financing provided from abroad.

More than nine-tenths of the new issues sold abroad were purchased by United States investors, and a similar proportion of the securities retired were owned in the United States. About eight-tenths of the bonds sold and seven-tenths of those retired provided for payment in foreign currency.

Most of the sales of new issues took place in the early months of the year. The volume declined as the margin between interest rates in Canada and the United States narrowed, but there continued to be inflows as a result of deferred delivery agreements, participation in some Canadian stock issues, and other special situations leading to the placing of issues on the New York market.

Transactions in Foreign Securities

Canadians continued, on balance, to dispose of foreign securities through sales abroad of outstanding issues, giving rise to capital inflows of \$7 million, mainly from the United States. This movement was confined to the first half of the year, and in the last half there was a net capital outflow of \$6 million, principally for the purchase of United States stocks. The volume of trading has more than doubled since 1952, but a substantial part of this increase undoubtedly reflects the sharp rise which has occurred in security prices.

Canadian purchases of foreign new issues amounted to \$33 million. The total included an issue of \$25 million Canadian currency bonds in the Canadian capital market by the International Bank for Reconstruction and Development. Purchases of \$1 million of foreign stocks and \$7 million of foreign bonds made up the remainder of this account. Retirements of Canadian-owned foreign securities totalled \$2 million. As a result of all transactions in foreign portfolio securities in 1954, there was a net capital outflow of \$24 million; transactions in 1953 were in balance.

Loans by Government of Canada

Repayments on Canada's war and post-war loans to overseas governments contributed a capital inflow of \$72 million in 1954. This was \$15 million smaller than in 1953 when there were unusually large repayments by the United Kingdom under an agreement for final settlement of the Canadian interest free loan of 1942. Principal was received from the United Kingdom in the amount of \$45 million and from Belgium, France, Indonesia, the Netherlands, Norway, and the U.S.S.R. in the amount of \$27 million. A further \$35 million was received by way of interest and is included as a current account receipt.

In the five years since the end of 1949, Canada's outstanding loans to other governments have been reduced from \$2,000 million to \$1,705 million. The most important debtor is the United Kingdom which accounted for \$1,247 million of the total debt. Post-war loans outstanding to other governments under Part II of the Export Credits Insurance Act amounted to \$417 million, and agreed payments of principal due in 1954 were met on \$358 million on these loans. Other loans outstanding at the year end amounted to about \$41 million and included \$31 million of inactive loans made after the war of 1914-18.

Change in Canadian Dollar Holdings of Foreigners

Non-residents added \$22 million to their holdings of Canadian dollars in the form of bank and other deposits and treasury bills in 1954. Over half the increase was for the account of United States residents. During the first quarter of the year, holdings were reduced by \$13 million, but non-residents chose to add, on balance, to their holdings in each subsequent quarter. Total holdings at the year end amounted to about \$340 million.

Change in Official Holdings of Gold and Foreign Exchange

Official holdings of gold and United States dollars were increased substantially during 1954 resulting in an outflow of \$121 million in the capital account with the United States. There was also a net outflow of \$3 million to the United Kingdom financing a modest increase in holdings of sterling in official accounts. This capital export in the first quarter was only \$4 million but in the second it rose to \$37 million and in the third to \$38 million notwithstanding a substantial transaction of official debt repatriation in that quarter. In the final three months of the year, the outflow was \$45 million.

Holdings of gold and United States funds are shown in terms of United States dollars in table VI. The net increase during the year of \$124 million was the largest since official exchange rates were withdrawn in 1950, and brought total holdings to a record figure of \$1,943 million at the end of 1954. The variation between the high and low month-end figure amounted to \$132 million or somewhat more

than the fluctuation during 1953. Holdings of sterling are limited to working balances and were of the order of \$12 million at the end of 1954.

The official exchange policy was re-affirmed by the Minister of Finance in the course of his recent Budget address:

"There has been no change in the policy of the government to allow the rate of exchange to be determined by the sum total of the forces operating in the exchange market, including of course the influence of fiscal and monetary conditions. The resources of the exchange fund are not used to reverse persistent trends but only to contribute to orderly conditions by limiting excessive short-run movements in either direction which might otherwise occur".¹

Other Capital Movements

A small net inflow of capital, amounting to \$4 million, resulted from all other capital movements in 1954. This near-balance followed two years in which the net outflow aggregated nearly \$700 million, a period which in turn was preceded by heavy inflows. A wide variety of movements is covered in the data, and some of the more significant detail appears in statement 14. While most movements of long-term capital are treated as separate items in Canadian balance of payments statements, there are certain transactions which do not fall within the regular categories. Examples include loans by agencies of the United Kingdom and United States Governments to Canadian corporations, generally associated with commodity supply contracts, other long-term loans between unrelated parties, capital movements by insurance company branches and by trusts, and deferred transfers by migrants. Although nominally short-term, the change in short-term Canadian dollar holdings of the International Bank for Reconstruction and Development may be regarded as representing on balance the implementation of Canada's long-term subscriptions to that institution.

It is in the other groups of transactions, which are mainly of a short-term nature, that most of the volatility of the item as a whole lies. The statement indicates that there has been a very large growth in bank balances and other short-term funds of Canadians abroad. Increases were to have been expected as a result both of the return of Canadian banks to the role of principals in the exchange market in 1950, and the abolition of exchange control the following year, and of the need for increased working balances associated with the generally rising value of Canada's international trade over the period. The balances have also been affected by the varying exchange value of the Canadian dollar, not only through a tendency from time to time to defer transfer of receipts from abroad, but also through the operation of the forward exchange market. When the banking system is, on balance, a forward seller of exchange, equivalent holdings of

1. House of Commons Debates, Tuesday, April 5, 1955.

STATEMENT 14. Estimated Composition of "Other Capital Movements" 1950-1954

Note: A minus sign indicates an outflow of capital from Canada

(Millions of dollars)

	1950	1951	1952	1953	1954	Total 1950-1954
Transactions with all countries:						
Loans by Government of United Kingdom to a Canadian Corporation	—	25	22	20	—	67
Other long-term capital transactions	- 5	3	- 24	- 10	9	- 27
Short-term Canadian dollar holdings of International Bank for Reconstruction and Development	- 5	- 4	- 1	- 18	- 13	- 41
Bank balances and other short-term funds abroad (excluding official reserves) ¹	- 7	- 14	- 168	- 79	- 73	- 341
Borrowings by Canadian finance companies	35	19	11	65
All other transactions including changes in loans and accounts receivable and payable ²	209	118	- 375	- 117	70	- 95
Total (Table I, item D 17).....	192	128	- 511	- 185	4	- 372

1. Estimated partly from United States and other non-Canadian sources, as Canadian data do not cover all holdings.

2. Includes also balancing item representing difference between measurements of current and capital accounts.

exchange are acquired to meet the future commitment. The maintenance of overall balance in the trading positions of the chartered banks consequently leads to capital outflows or inflows as the banks' forward exchange commitments to customers are increased or decreased. The short-term money market is also an important factor in the holding of foreign funds. Towards the end of 1954, treasury bill yields in the United Kingdom began rising at a time when the Canadian yields were falling. As a result of this development it is estimated that, in December, Canadian residents purchased nearly \$20 million of United Kingdom treasury bills.

Canadian companies in the consumer credit field have been important borrowers of short-term funds abroad in recent years, and these transactions are shown separately in the statement. The final component includes all other short-term loans and accounts receivable and payable. These open account Canadian assets and liabilities aggregate many hundreds of millions of dollars. Changes in them may occur for a variety of reasons. The timing of settlements rarely coincides with physical movements as recorded in the current account and, as terms of payment relating to different commodities also vary considerably, a change in either the composition or flow of imports or exports usually affects the balances due or receivable on open commercial accounts. Changes may also occur in the process of financing production and distribution, and definite seasonal patterns exist with respect to some commodities such as coal. Even long-term capital requirements may be met for limited periods through changes in open account balances, particularly in periods of short supply or in the case of parent-subsidiary transactions.

As the statement shows, the heavy inflows on open account in 1950 which were typical of all

capital movements in that year, continued into 1951. The restrictive bank lending policies in force in Canada at that time contributed to inflows which more than offset any withdrawal of the speculative inflows of 1950. In 1952, as credit restrictions progressively relaxed and as the Canadian dollar strengthened, outflows on a substantial scale occurred and continued on balance through 1953. For 1954 as a whole, a capital inflow of \$70 million occurred.

It should be recorded that a complete measure of Canada's international short-term commercial receivables and payables is not available, and that the series shown includes a balancing item. The annual movements in this component have been consistent with the recorded elements and the behaviour has justified its inclusion as an "other capital movement".

The quarterly estimates shown in table IV indicate that there was an outflow of \$52 million on account of all "other capital movements" in the first quarter of 1954. This reflected mainly a sharp decline in private Canadian holdings of foreign exchange. In the second quarter, there was an inflow of \$102 million. To a considerable extent, this reflected a reduction of exchange held against outstanding forward liabilities. The figure was also affected through the balancing item by the statistical change which led to the recording of an additional two days' imports in this quarter. In the third quarter, there was an outflow of \$25 million, to which a growth in private holdings of exchange was the main contributing factor, while in the final quarter of the year a further outflow of \$21 million reflected mainly the interest arbitrage transactions with the United Kingdom to which reference was made earlier.

Canada's International Investment Position

During 1954, Canada's net balance of international indebtedness is estimated to have risen by \$0.6 billion. This increase reflects additions of \$0.9 billion and \$0.3 billion to gross liabilities and assets, respectively. From the preliminary estimate of United States long-term investment in Canada appearing in statement 15, it will be seen that the increase in liabilities arose mainly on account of United States direct investments in Canada. The total growth in net indebtedness is larger than the current account deficit for the year of \$431 million. This is chiefly because of a net liability incurred in respect of retained earnings on foreign-owned investments in Canada and on Canadian investments abroad, although there are also other factors giving rise to differences.

At the end of 1953, long-term investment in Canada represented \$11.4 billion out of gross external liabilities of \$12.6 billion. Detail of these investments appears in tables VII and VIII. The increase was over \$1,000 million in 1953. Direct investments rose by \$753 million, and \$344 million of this growth was United States owned. As will be seen from Table IX, every major industrial group except textile manufacturing rose in 1953, although by far the largest increase occurred in mining and smelting. United Kingdom direct investments shown in Table X rose in 1953 by \$67 million, to total \$611 million at the end of that year, and are now probably of the order of \$700 million. Portfolio investments also rose in 1953 reflecting mainly heavy sales of provincial and municipal debentures, and stocks, and also the growth in book values through the retention of earnings.

The number of foreign controlled enterprises in Canada, as shown in table XI, rose by 433 during 1953, to total 4,253 at the end of that year. Addition of 320 United States owned companies brought the total to 3,235, comprising 2,696 Canadian corporations and 539 unincorporated branches. More than

100 of the new companies were engaged in petroleum, mining and smelting. United Kingdom residents added 38 enterprises bringing the number of their direct investments to 301; other overseas countries controlled 217 enterprises in 1953, an increase of 25 over the previous year.

Particulars of Canadian assets abroad at the end of 1953 are included in table XII. Canadian direct investments abroad have more than doubled since the end of the war. A very substantial increase of \$236 million was recorded in 1953, bringing the total to \$1,507 million. The capital outflow recorded in 1953 accounted for only slightly more than one-quarter of the increase. A considerable part of the remainder reflected special transactions, which were not recorded as international capital movements, involving the acquisition of assets abroad and the simultaneous assumption or creation of liabilities abroad. There were also larger than usual reclassifications from portfolio to direct investment in 1953, and the retention of earnings continued to be an important factor in the growth of both direct and portfolio investments abroad.

As a result of the increase in 1954, Canada's net balance of international indebtedness at the end of that year surpassed the previous record of \$6.5 billion reached at the end of 1930 by a small amount. The net balance fell to \$3.7 billion in 1949 but has since risen sharply. It is not without significance that each of the peaks was established following a period of great expansive activity in the Canadian economy during which Canada drew heavily on goods and services from abroad. The great increase in population and in productive capacity and the change in price levels make the relative burden of this liability much smaller now than in the earlier period.

In the intervening twenty-four years since 1930, there have been marked changes in the character of

STATEMENT 15. Value of United States Investments in Canada, Selected Year Ends 1930-1954
(Millions of dollars)

Classification	1930	1945	1949	1951	1952	1953	1954 ²
Direct investment.....	1,993	2,304	3,095	3,897	4,536	5,180	5,700
Government and municipal bonds.....	1,205	1,450	1,534	1,898	1,835	1,870	1,822
Other portfolio investments	1,368	1,106	1,106	1,269	1,382	1,534	1,575
New investment funds	—	—	—	—	—	—	150
Miscellaneous assets	94	130	170	195	249 ¹	256	300
Total book value	4,660	4,990	5,905	7,259	8,002	8,840	9,547

1. New series not strictly comparable with earlier years.
2. Provisional estimate subject to revision.

**STATEMENT 16. Summary of Canada's Balance of International Indebtedness,
Selected Year Ends**

(Billions of dollars)

Item	1926	1930	1939	1945	1949	1951	1952	1953	1954
Gross liabilities to other countries	6.4	8.0	7.4	7.6	8.9	10.6	11.4	12.6	13.5
Gross external assets	1.3	1.5	1.9	3.8	5.2	6.0	6.4	6.6	6.9
Net Indebtedness	5.1	6.5	5.5	3.9	3.7	4.6	5.0	6.0	6.6

Canada's international investment position. Canada's gross external liabilities have risen from \$8.0 billion to \$13.5 billion. No less than \$4.2 billion of the increase represented direct investment in foreign-controlled enterprises in Canada, and \$3.0 billion of this occurred in the past five years. Other long-term investment in Canada, mainly of a portfolio nature, accounted for a growth of \$0.6 billion, while the remainder of the increase comprised mostly short-term non-commercial liabilities. Aggregate liabilities to non-residents as a whole rose by \$5.5 billion, reflecting increases of \$5.3 billion and \$0.8 billion in the assets of residents of the United States and of overseas countries other than the United Kingdom. Over the period as a whole United Kingdom assets in Canada fell by \$0.6 billion. Major liquidations occurred during the war and early post-war years but, since the end of 1948, British assets in Canada have risen by \$0.6 billion. Of this latter rise, about one-quarter is due to the addition in 1949 of investments in Newfoundland.

While Canadian liabilities were growing from \$8.0 billion to \$13.5 billion, Canadian assets abroad since 1930 have risen by an almost equal amount from \$1.5 billion to \$6.9 billion. But in sharp contrast to the growth in liabilities, which was predominantly in equities, the growth in external assets was to a considerable extent represented by such government assets as loans and advances to overseas countries, subscriptions to the capital of international institutions, and official holdings of gold and foreign exchange.

The petroleum industry, figures for which are given in statement 17, contributed more than \$1.0 billion to foreign investment in Canada between 1945 and 1953. It is estimated that by the end of 1953 non-resident ownership represented nearly 59 per cent of the industry as a whole, while companies controlled outside Canada accounted for nearly 70 per cent of the total investment. At the end of 1945 on the other hand, the industry was 59 per cent Canadian-owned, and the companies controlled outside Canada accounted for 57 per cent of the total investment.

Although Canada's net international indebtedness has been rising for the past five years, it should be borne in mind that the Canadian economy as a whole has also been growing, and there has in fact been relatively little change in the overall non-resident ownership of the selected Canadian industries up to the end of 1952 as shown in statement 18. Increases have occurred in recent years in the share of non-residents in the Canadian manufacturing, and mining and petroleum industries, particularly in the rapidly expanding resource developments, while Canadians have taken over a greater share of steam railways and other utilities. It may be noted that the figures shown in the statement represent a considerably smaller proportion of total ownership than before the war, and also that there are many types of predominantly Canadian-owned capital which are not covered, such as farm and residential property, federal, provincial and municipal assets not falling within the specific categories shown, and Canadian investments abroad.

Another indication of the substantial amounts of Canadian-owned investment will be found in statement 19 which shows the estimated distribution of the funded debt of Canadian governments and corporations at the end of 1954. From this it will be seen that Canadians held nearly 90 per cent of the funded debt of governments and nearly 85 per cent of all funded debt. The latter includes some non-market issues held by parent companies abroad. These ratios are in marked contrast to the situation prevailing before the war; for example, in 1936 Canadians held 75 per cent of government and 66 per cent of total funded debt. The total funded debt held by non-residents has increased somewhat in the intervening years but the total outstanding has risen greatly and 93 per cent of the increase is accounted for by increased holdings of Canadians.

In anticipation of the publication of a more comprehensive report on Canada's international investment position, which it is hoped will be ready later in the year, the foregoing comment and the historical detail contained in the tables have been reduced in comparison with earlier reports of this series.

**STATEMENT 17. Book Value of Foreign Investment in the Petroleum Industry in Canada,
End of 1945, 1952, and 1953**

(Millions of dollars)

Investment in	Classification in investment records (Tables VII to X)	Year End	Non-resident Total	United States		
				Total	Direct	Portfolio
Exploration and development companies	Mining and smelting	1945	6	5	4	1
		1952	359	352	318	34
		1953	538	530	491	39
Refining companies	Manufacturing (non-metallic minerals)	1945	114	106	100	6
		1952	443	429	404	25
		1953	497	460	433	27
Merchandising companies	Merchandising	1945	6 ²	6	6	—
		1952	22	22	22	—
		1953	35	35	35	—
Transportation companies	Public utilities (other)	1945	1	1	1	—
		1952	97	96	96	—
		1953	120	119	119	—
All Petroleum		1945	126	117	110	7
		1952	921	899	840	59
		1953	1,190	1,144	1,078	66

Notes: For the purposes of this table Newfoundland was included with Canada in 1945.

Investments in Canadian companies are classified in the investment records according to principal activities in Canada. Investments in exploration and development of petroleum by companies engaged in refining and production of petroleum products are therefore included in the Manufacturing (non-metallic minerals) group.

1. Investment included with refining companies.

2. Investment of countries other than the United States included with refining companies.

**STATEMENT 18. Non-Resident Ownership as a Percentage of Selected Canadian Industries,
Selected Year Ends 1939-1952**

Industry classification	Percentage of total owned by							
	All non-residents				United States Residents			
	1939	1948	1951	1952	1939	1948	1951	1952
Manufacturing ¹	42	42	44	46	34	36	36	38
Mining, smelting and petroleum exploration and development ¹	40	42	59	59	31	35	52	53
Steam railways	57	43	39	37	18	21	18	17
Other utilities	27	21	20	20	20	17	17	17
Total of above industries and merchandising	38	33	32	33	22	24	24	25

1. Investments in exploration and development of petroleum by companies engaged principally in refining and production of petroleum products are included in manufacturing.

**STATEMENT 19. Estimated Distribution of Ownership of Funded Debt of
Canadian Governments and Corporations, End of 1954**

(Millions of dollars)

Debtor	Amounts Outstanding	Distribution of Ownership			
		Canada	United States	United Kingdom	Other Countries
Dominion direct and guaranteed, excluding railways	14,510	13,851	515	71	73
Provincial direct and guaranteed, excluding railways	3,432	2,468	914	38	12
Municipal	1,962	1,529	393	35	5
Sub-total Government bonds	19,904	17,848	1,822	144	90
Percentage distribution	100.00%	89.67%	9.16%	0.72%	0.45%
Steam railways	1,549	944	273	296	36
Other corporations	3,872	2,688	1,001	152	31
Total bonds and debentures	25,325	21,480	3,096	592	157
Percentage distribution	100.00%	84.82%	12.22%	2.34%	0.62%

TABLE 1. Current and Capital Account of the Canadian Balance of International Payments
Revised Estimates for 1953 and Preliminary Estimates for 1954

(Millions of dollars)

No.	Account	All Countries		United States		United Kingdom		Other Sterling Area		Other OEEC Countries		All Other Countries	
		1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954
A	Current Receipts:												
1	Merchandise exports (adjusted).....	4,152	3,929	2,458	2,355	656	660	251	206	371	351	416	357
2	Mutual Aid to NATO Countries	246	284	—	—	—	—	—	—	—	—	—	—
3	Gold production available for export.....	144	155	144	155	—	—	—	—	—	—	—	—
4	Travel expenditures.....	302	302	282	280	12	13	3	3	4	4	1	2
5	Interest and dividends.....	165	143	101	68	28	35	13	17	13	12	10	11
6	Freight and shipping.....	318	309	164	167	79	73	18	18	30	29	27	22
7	Inheritances and immigrants' funds.....	91	89	41	42	18	19	4	4	22	20	6	4
11	All other current receipts	319	298	253	234	37	36	7	7	10	11	12	10
12	Total Current Receipts.....	5,737	5,509	3,443	3,301	830	836	296	255	450	427	472	406
B	Current Payments:												
1	Merchandise imports (adjusted).....	4,210	3,916	3,046	2,800	463	391	172	183	173	188	356	354
4	Travel expenditures	365	382	307	313	31	35	6	7	18	23	3	4
5	Interest and dividends	404	431	334	353	57	62	—	—	11	14	2	2
6	Freight and shipping.....	374	355	296	260	42	39	6	3	23	42	7	11
7	Inheritances and emigrants' funds	91	94	74	75	12	13	1	1	3	4	1	1
9	Official contributions	25	11	—	—	—	—	18	8	1	1	6	2
10	Mutual Aid to NATO Countries.....	246	284	—	—	—	—	—	—	—	—	—	—
11	All other current payments.....	465	467	290	310	92	64	10	9	48	57	25	27
12	Total Current Payments.....	6,180	5,940	4,347	4,111	697	604	213	211	277	329	400	401
	Balance on Merchandise Trade.....	- 58	+ 13	- 588	- 445	+ 193	+ 269	+ 79	+ 23	+ 198	+ 163	+ 60	+ 3
	Balance on Other Transactions, excluding B9	- 360	- 433	- 316	- 365	- 60	- 37	+ 22	+ 29	- 24	- 64	+ 18	+ 4
	Official contributions	- 25	- 11	—	—	—	—	- 18	- 8	- 1	- 1	- 6	- 2
C	Current Account Balance	- 443	- 431	- 904	- 810	+ 133	+ 232	+ 83	+ 44	+ 173	+ 98	+ 72	+ 5
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada	+ 426	+ 376	+ 346	+ 291	+ 45	+ 63	—	—	+ 34	+ 22	+ 1	—
2	Direct investment abroad	- 63	- 74	- 33	- 44	- 5	- 16	- 17	- 7	- 1	- 2	- 7	- 5
	Canadian Securities:												
3	Trade in outstanding issues	- 31	+ 55	- 80	- 2	+ 27	+ 21	—	—	+ 25	+ 12	- 3	+ 24
4	New issues.....	+ 335	+ 326	+ 322	+ 294	+ 7	+ 20	—	—	+ 3	+ 12	+ 3	—
5	Retirements	- 146	- 202	- 132	- 184	- 8	- 12	- 3	- 4	- 1	- 1	- 2	- 1
	Foreign Securities:												
6	Trade in outstanding issues	+ 22	+ 7	+ 20	+ 6	+ 3	+ 2	—	—	—	- 1	- 1	—
7	New issues.....	- 23	- 33	- 18	- 3	—	- 1	—	—	—	—	- 5	- 29
8	Retirements	+ 1	+ 2	+ 1	+ 1	—	—	—	+ 1	—	—	—	—
	Loans by Government of Canada:												
10	Repayment of post-war loans.....	+ 37	+ 42	—	—	+ 14	+ 15	—	—	+ 18	+ 20	+ 5	+ 7
11	Repayment of war loans	+ 50	+ 30	—	—	+ 50	+ 30	—	—	—	—	—	—
14	Change in Canadian dollar holdings of foreigners	- 18	+ 22	- 1	+ 12	- 13	+ 9	- 4	- 4	+ 4	—	- 4	+ 5
16	Change in official holdings of gold, U.S. dollars and sterling (increase, minus).....	+ 38	- 124	+ 42	- 121	- 4	- 3	—	—	—	—	—	—
17	Other capital movements	- 185	+ 4	- 223	+ 44	+ 40	- 31	- 3	- 1	+ 10	- 2	- 9	- 6
E	Net Capital Movement.....	+ 443	+ 431	+ 244	+ 294	+ 156	+ 97	- 27	- 15	+ 92	+ 60	- 22	- 5
G	Balance Settled by Exchange Transfers	—	—	+ 660	+ 516	- 289	- 329	- 56	- 29	- 265	- 158	- 50	—
	Total Financing of Current Account Balance (item C).....	+ 443	+ 431	+ 904	+ 810	- 133	- 232	- 83	- 44	- 173	- 98	- 72	- 5

Notes:

Other Sterling Area includes the countries of the Commonwealth, United Kingdom dependencies, and Ireland, Iraq, Iceland, Burma, Libya and Jordan. Other OEEC Countries includes all the countries participating in the Organization for European Economic Co-operation which are not also members of the sterling area; namely, Austria, Belgium, Luxembourg, Denmark, France, West Germany, Greece, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland and Turkey, and their overseas territories. The All Other Countries group includes Latin America, non-sterling area countries in Asia, continental European countries not in OEEC, the IMF and IBRD, and all other countries not specified above.

A2,B10 Mutual Aid is not included in figures for countries or areas, but is included in total receipts and total payments with all countries.

D A minus sign indicates an outflow of capital from Canada. Some capital transactions with other sterling area are included under the United Kingdom, and with other overseas countries under the United States.

D17 Also includes balancing item representing unrecorded capital movements and errors and omissions.

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1954

(Millions of dollars)

A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954
A	Current Receipts:									
1	Merchandise exports (adjusted)	2,393	2,723	3,030	2,989	3,139	3,950	4,339	4,152	3,929
2	Mutual Aid to NATO Countries	—	—	—	—	57	145	200	246	284
3	Gold production available for export	96	99	119	139	163	150	150	144	155
4	Travel expenditures	221	251	279	285	275	274	275	302	302
5	Interest and dividends	70	64	70	83	91	115	145	165	143
6	Freight and shipping	311	322	336	303	284	351	383	318	309
7	Inheritances and immigrants' funds	65	69	84	68	57	77	85	91	89
11	All other current receipts	209	220	229	222	231	249	281	319	298
12	Total Current Receipts	3,365	3,748	4,147	4,089	4,297	5,311	5,858	5,737	5,509
B	Current Payments:									
1	Merchandise imports (adjusted)	1,822	2,535	2,598	2,696	3,129	4,097	3,850	4,210	3,916
4	Travel expenditures	135	167	134	193	226	280	341	365	382
5	Interest and dividends	312	337	325	390	475	450	413	404	431
6	Freight and shipping	219	278	279	253	301	354	375	374	355
7	Inheritances and emigrants' funds	35	49	50	59	61	70	94	91	94
✓ 9	Official contributions	97	38	23	6	5	9	16	25	11
10	Mutual Aid to NATO Countries	—	—	—	—	57	145	200	246	284
11	All other current payments	382	295	287	315	377	423	405	465	467
12	Total Current Payments	3,002	3,699	3,696	3,912	4,631	5,828	5,694	6,180	5,940
	Balance on Merchandise Trade	+ 571	+ 188	+ 432	+ 293	+ 10	- 147	+ 489	- 58	+ 13
	Balance on Other Transactions, excluding B 9	- 111	- 101	+ 42	- 110	- 339	- 361	- 309	- 360	- 433
	Official Contributions	- 97	- 38	- 23	- 6	- 5	- 9	- 16	- 25	- 11
C	Current Account Balance	+ 363	+ 49	+ 451	+ 177	- 334	- 517	+ 164	- 443	- 431
D	Capital Account:									
	Direct Investment:									
1	Direct investment in Canada	+ 40	+ 61	+ 71	+ 94	+ 222	+ 309	+ 346	+ 426	+ 376
2	Direct investment abroad	- 14	+ 6	+ 15	+ 13	+ 36	- 20	- 77	- 63	- 74
	Canadian Securities:									
3	Trade in outstanding issues	+ 194	- 13	+ 3	+ 8	+ 329	+ 38	- 94	- 31	+ 55
4	New issues	+ 218	+ 95	+ 150	+ 105	+ 210	+ 411	+ 316	+ 335	+ 326
5	Retirements	- 539	- 364	- 114	- 147	- 284	- 184	- 89	- 146	- 202
	Foreign Securities:									
6	Trade in outstanding issues	+ 25	+ 1	- 7	+ 22	+ 70	+ 15	+ 12	+ 22	+ 7
7	New issues	- 4	- 3	- 3	- 4	- 2	- 3	- 20	- 23	- 33
8	Retirements	+ 13	+ 7	+ 2	+ 2	+ 8	+ 3	-	+ 1	+ 2
	Loans by Government of Canada:									
9	Drawings	- 750	- 565	- 142	- 120	- 50	-	-	-	-
10	Repayment of post-war loans	-	+ 2	+ 16	+ 13	+ 23	+ 34	+ 33	+ 37	+ 42
11	Repayment of war loans	+ 94	+ 109	+ 64	+ 5	+ 51	+ 34	+ 23	+ 50	+ 30
14	Change in Canadian dollar holdings of foreigners	+ 70	- 26	- 21	+ 40	+ 233	- 192	- 66	- 18	+ 22
16	Change in official holdings of gold and foreign exchange (increase, minus)	+ 267	+ 742	- 492	- 128	- 722	- 56	- 37	+ 38	- 124
17	Other capital movements	+ 23	- 101	+ 7	- 80	+ 210	+ 128	- 511	- 185	+ 4
E	Net Capital Movement	- 363	- 49	- 451	- 177	+ 334	+ 517	- 164	+ 443	+ 431

Notes:

AB11 Includes receipts of \$24 million and payments of \$127 million for war services in 1946.

D 17 Includes for years 1946 to 1950 transactions shown separately under items D 12, 13, and 15 in the Canadian Balance of International Payments in the Post-War Years, 1946-1952.

A-G For other notes applicable to this Table see notes to Table 1.

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1954

(Millions of dollars)

B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954
A	Current Receipts:									
1	Merchandise exports (adjusted).....	948	1,061	1,508	1,521	2,046	2,326	2,346	2,458	2,355
3	Gold production available for export	96	99	119	139	163	150	150	144	155
4	Travel expenditures	216	241	267	267	260	258	257	282	280
5	Interest and dividends	47	36	37	40	50	57	85	101	68
6	Freight and shipping.....	101	104	131	126	157	164	174	164	167
7	Inheritances and immigrants' funds	19	18	18	18	31	32	38	41	42
11	All other current receipts.....	140	153	167	158	170	191	224	253	234
12	Total Current Receipts.....	1,567	1,712	2,247	2,269	2,877	3,178	3,274	3,443	3,301
B	Current Payments:									
1	Merchandise imports (adjusted).....	1,378	1,951	1,797	1,899	2,093	2,842	2,817	3,046	2,800
4	Travel expenditures	130	152	113	165	193	246	294	307	313
5	Interest and dividends	250	274	267	325	411	382	344	334	353
6	Freight and shipping.....	169	221	213	193	240	276	302	296	260
7	Inheritances and emigrants' funds	31	37	37	44	47	55	77	74	75
11	All other current payments.....	216	211	213	244	293	328	289	290	310
12	Total Current Payments	2,174	2,846	2,640	2,870	3,277	4,129	4,123	4,347	4,111
	Balance on Merchandise Trade	- 430	- 890	- 289	- 378	- 47	- 516	- 471	- 588	- 445
	Balance on Other Transactions	- 177	- 244	- 104	- 223	- 353	- 435	- 378	- 316	- 365
C	Current Account Balance	- 607	-1,134	- 393	- 601	- 400	- 951	- 849	- 904	- 810
D	Capital Account:									
	Direct Investment:									
1	Direct investment in Canada	+ 38	+ 58	+ 61	+ 84	+ 200	+ 270	+ 319	+ 346	+ 291
2	Direct investment abroad	- 7	+ 6	+ 15	+ 16	+ 41	- 4	- 42	- 33	- 44
	Canadian Securities:									
3	Trade in outstanding issues	+ 241	- 3	+ 5	+ 25	+ 362	+ 20	- 104	- 80	- 2
4	New issues.....	+ 218	+ 95	+ 150	+ 105	+ 210	+ 404	+ 315	+ 322	+ 294
5	Retirements	- 460	- 313	- 96	- 136	- 263	- 159	- 75	- 132	- 184
	Foreign Securities:									
6	Trade in outstanding issues	+ 21	- 2	- 9	+ 19	+ 68	+ 18	+ 9	+ 20	+ 6
7	New issues	- 4	- 3	- 3	- 4	- 2	- 3	- 5	- 18	- 3
8	Retirements	+ 6	+ 3	+ 1	+ 1	+ 7	+ 2	-	+ 1	+ 1
14	Change in Canadian dollar holdings of foreigners	+ 27	- 3	- 14	- 8	+ 89	- 53	- 37	- 1	+ 12
16	Change in official holdings of gold and U.S. dollars (increase, minus)	+ 251	+ 743	- 496	- 134	- 694	- 39	- 80	+ 42	- 121
17	Other capital movements	-	- 76	+ 1	- 38	+ 249	+ 59	- 458	- 223	+ 44
E	Net Capital Movement.....	+ 331	+ 505	- 385	- 70	+ 267	+ 515	- 158	+ 244	+ 294
G	Balance Settled by Exchange Transfers	+ 276	+ 629	+ 778	+ 671	+ 133	+ 436	+1,007	+ 660	+ 516
	Total Financing of Current Account Balance (Item C)	+ 607	+1,134	+ 393	+ 601	+ 400	+ 951	+ 849	+ 904	+ 810

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1954
(Millions of dollars)

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954
C. BETWEEN CANADA AND THE UNITED KINGDOM										
A	Current Receipts:									
1	Merchandise exports (adjusted)	626	749	703	701	469	636	727	656	660
4	Travel expenditures	3	7	9	11	7	8	10	12	13
5	Interest and dividends	7	8	9	9	6	30	29	28	35
6	Freight and shipping	107	114	105	89	61	91	105	79	73
7	Inheritances and immigrants' funds	45	47	52	38	12	14	20	18	19
11	All other current receipts	52	42	44	49	35	42	34	37	36
12	Total Current Receipts	840	967	922	897	590	821	925	830	836
B	Current Payments:									
1	Merchandise imports (adjusted)	138	182	287	300	399	417	350	463	391
4	Travel expenditures	3	9	12	17	19	20	27	31	35
5	Interest and dividends	54	53	50	55	54	57	56	57	62
6	Freight and shipping	32	32	34	32	36	43	42	42	39
7	Inheritances and emigrants' funds	3	8	7	10	10	10	12	12	13
11	All other current payments	110	50	46	37	48	51	50	92	64
12	Total Current Payments	340	334	436	451	566	598	537	697	604
	Balance on Merchandise Trade	+ 488	+ 567	+ 416	+ 401	+ 70	+ 219	+ 377	+ 193	+ 269
	Balance on Other Transactions	+ 12	+ 66	+ 70	+ 45	- 46	+ 4	+ 11	- 60	- 37
C	Current Account Balance	+ 500	+ 633	+ 486	+ 446	+ 24	+ 223	+ 388	+ 133	+ 232
D. BETWEEN CANADA AND OTHER STERLING AREA COUNTRIES										
A	Current Receipts:									
1	Merchandise exports (adjusted)	269	366	293	300	201	265	293	251	206
4	Travel expenditures	1	1	1	2	3	3	3	3	3
5	Interest and dividends	2	6	4	4	8	4	7	13	17
6	Freight and shipping	34	39	34	30	18	23	20	18	18
7	Inheritances and immigrants' funds	—	1	2	1	1	3	3	4	4
11	All other current receipts	3	3	4	3	3	3	5	7	7
12	Total Current Receipts	309	416	338	340	234	301	331	296	255
B	Current Payments:									
1	Merchandise imports (adjusted)	129	160	192	187	244	310	185	172	183
4	Travel expenditures	1	3	4	4	5	5	5	6	7
5	Interest and dividends	1	1	1	1	—	—	—	—	—
6	Freight and shipping	6	5	7	5	3	5	5	6	3
7	Inheritances and emigrants' funds	—	—	1	2	1	1	1	1	1
9	Official contributions	5	—	—	—	—	—	15	18	8
11	All other current payments	3	5	4	6	4	4	6	10	9
12	Total Current Payments	145	174	209	205	257	325	217	213	211
	Balance on Merchandise Trade	+ 140	+ 206	+ 101	+ 113	- 43	- 45	+ 108	+ 79	+ 23
	Balance on Other Transactions, excluding B 9	+ 29	+ 36	+ 28	+ 22	+ 20	+ 21	+ 21	+ 22	+ 29
	Official Contributions	- 5	—	—	—	—	—	- 15	- 18	- 8
C	Current Account Balance	+ 164	+ 242	+ 129	+ 135	- 23	- 24	+ 114	+ 83	+ 44

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1954

(Millions of dollars)

E. BETWEEN CANADA AND THE UNITED KINGDOM AND OTHER STERLING AREA COUNTRIES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954
C	Current Account Balance	+ 664	+ 875	+ 615	+ 581	+ 1	+ 199	+ 502	+ 216	+ 276
D	Capital Account:									
	Direct Investment:									
1	Direct investment in Canada	+ 2	+ 3	+ 10	+ 13	+ 19	+ 30	+ 15	+ 45	+ 63
2	Direct investment abroad	- 10	- 3	- 2	- 3	- 4	- 6	- 19	- 22	- 23
	Canadian Securities:									
3	Trade in outstanding issues.....	- 48	- 11	- 4	- 16	- 35	- 16	- 3	+ 27	+ 21
4	New issues.....	-	-	-	-	-	+ 7	+ 1	+ 7	+ 20
5	Retirements.....	- 77	- 42	- 14	- 10	- 19	- 24	- 9	- 11	- 16
	Foreign Securities:									
6	Trade in outstanding issues.....	+ 1	+ 3	+ 2	+ 2	+ 1	-	+ 3	+ 3	+ 2
7	New issues.....	-	-	-	-	-	-	-	-	- 1
8	Retirements.....	+ 5	+ 1	+ 1	+ 1	+ 1	+ 1	-	-	+ 1
	Loans by Government of Canada:									
9	Drawings	- 540	- 423	- 52	- 120	- 50	-	-	-	-
10	Repayment of post-war loans.....	-	-	-	-	-	+ 14	+ 14	+ 14	+ 15
11	Repayment of war loans	+ 89	+ 104	+ 64	+ 5	+ 51	+ 34	+ 23	+ 50	+ 30
14	Change in Canadian dollar holdings of foreigners	+ 32	- 4	- 20	+ 62	+ 116	- 128	- 22	- 17	+ 5
16	Change in official holdings of sterling (Increase, minus) ..	+ 16	- 1	+ 4	+ 6	- 28	- 17	+ 43	- 4	- 3
17	Other capital movements	+ 39	+ 16	+ 18	- 27	- 39	+ 82	- 62	+ 37	- 32
E	Net Capital Movement	- 491	- 357	+ 7	- 87	+ 13	- 23	- 16	+ 129	+ 82
G	Balance Settled by Exchange Transfers:									
	Official settlements.....	- 150	- 505	- 597	- 466	+ 4	- 165	- 486	- 345	- 358
	Private settlements.....	- 23	- 13	- 25	- 28	- 18	- 11			
	Total Financing of Current Account Balance (Item C).....	- 664	- 875	- 615	- 581	- 1	- 199	- 502	- 216	- 276

TABLE III. Current Account Between Canada and All Countries, 1926-1954

(Millions of dollars)

Year	Current Receipts ¹	Current Payments ²	Net Balance Including Mutual Aid Exports	Wartime Grants and Mutual Aid	Net Balance on Current Account Indicating Net Movement of Capital
1926.....	1,665	1,538	+ 127	-	+ 127
1927.....	1,633	1,643	- 10	-	- 10
1928.....	1,788	1,820	- 32	-	- 32
1929.....	1,646	1,957	- 311	-	- 311
1930.....	1,297	1,634	- 337	-	- 337
1931.....	972	1,146	- 174	-	- 174
1932.....	808	904	- 96	-	- 96
1933.....	829	831	- 2	-	- 2
1934.....	1,020	952	+ 68	-	+ 68
1935.....	1,145	1,020	+ 125	-	+ 125
1936.....	1,430	1,186	+ 244	-	+ 244
1937.....	1,593	1,413	+ 180	-	+ 180
1938.....	1,361	1,261	+ 100	-	+ 100
1939.....	1,457	1,331	+ 126	-	+ 126
1940.....	1,776	1,627	+ 149	-	+ 149
1941.....	2,458	1,967	+ 491	-	+ 491
1942.....	3,376	2,275	+ 1,101	- 1,002	+ 99
1943.....	4,064	2,858	+ 1,206	- 518	+ 688
1944.....	4,557	3,539	+ 1,018	- 960	+ 58
1945.....	4,456	2,910	+ 1,546	- 858	+ 688
1946.....	3,365	2,905	+ 460	- 97	+ 363
1947.....	3,748	3,699	+ 49	-	+ 49
1948.....	4,147	3,696	+ 451	-	+ 451
1949.....	4,089	3,912	+ 177	-	+ 177
1950.....	4,297	4,574	- 277	- 57	- 334
1951.....	5,311	5,683	- 372	- 145	- 517
1952.....	5,858	5,494	+ 364	- 200	+ 164
1953.....	5,737	5,934	- 197	- 246	- 443
1954.....	5,509	5,656	- 147	- 284	- 431

1. Including Mutual Aid exports.

2. Excluding Mutual Aid offsets.

TABLE IV. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1952-1954

(Millions of dollars)

A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1952				1953				1954			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A	Current Receipts:												
1	Merchandise exports (adjusted).....	1,010	1,124	1,049	1,156	918	1,113	1,077	1,044	872	993	1,002	1,062
3	Gold production available for export.....	41	35	37	37	48	37	30	29	35	43	39	38
4	Travel expenditures.....	24	53	156	42	26	57	172	47	24	59	170	49
5	Interest and dividends.....	17	32	23	73	27	33	24	81	24	33	23	63
6	Freight and shipping.....	84	98	98	103	66	86	81	85	70	78	82	79
7	Inheritances and immigrants' funds.....	17	27	22	19	16	26	26	23	18	28	24	19
11	All other current receipts.....	58	67	67	89	69	73	94	83	64	72	81	81
12	Total Current Receipts	1,251	1,436	1,452	1,519	1,170	1,425	1,504	1,392	1,107	1,306	1,421	1,391
B	Current Payments:												
1	Merchandise imports (adjusted).....	890	985	937	1,038	1,002	1,161	1,053	994	923	1,068	941	984
4	Travel expenditures.....	63	97	110	71	68	95	124	78	66	98	131	87
5	Interest and dividends.....	82	88	95	148	86	102	83	133	89	95	86	161
6	Freight and shipping.....	65	98	105	107	69	106	107	92	70	93	99	93
7	Inheritances and emigrants' funds.....	21	24	24	25	21	22	23	25	21	23	25	25
9	Official contributions.....	11	—	—	5	10	10	3	2	4	2	2	3
11	All other current payments.....	91	100	106	108	100	123	126	116	110	116	117	124
12	Total Current Payments	1,223	1,392	1,377	1,502	1,356	1,619	1,519	1,440	1,283	1,495	1,401	1,477
	Balance on Merchandise Trade.....	+ 120	+ 139	+ 112	+ 118	- 84	- 48	+ 24	+ 50	- 51	- 75	+ 61	+ 78
	Balance on Other Transactions, Excluding B9.....	- 81	- 95	- 37	- 96	- 92	- 136	- 36	- 96	- 121	- 112	- 39	- 161
	Official Contributions.....	- 11	—	—	- 5	- 10	- 10	- 3	- 2	- 4	- 2	- 2	- 3
C	Current Account Balance	+ 28	+ 44	+ 75	+ 17	- 186	- 194	- 15	- 48	- 176	- 189	+ 20	- 86
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada.....	+ 71	+ 78	+ 106	+ 91	+ 109	+ 97	+ 106	+ 114	+ 83	+ 88	+ 67	+ 138
2	Direct investment abroad.....	- 9	- 21	- 19	- 28	- 11	- 10	- 11	- 31	- 9	- 18	- 28	- 19
	Canadian Securities:												
3	Trade in outstanding issues.....	—	- 19	- 51	- 24	+ 10	- 35	- 5	- 1	+ 16	+ 21	+ 1	+ 17
4	New issues.....	+ 88	+ 159	+ 23	+ 46	+ 129	+ 60	+ 14	+ 132	+ 174	+ 93	+ 35	+ 24
5	Retirements.....	- 12	- 41	- 7	- 29	- 29	- 89	- 9	- 19	- 25	- 75	- 48	- 54
	Foreign Securities:												
6	Trade in outstanding issues.....	+ 6	+ 3	+ 3	—	+ 2	+ 3	+ 2	+ 15	+ 4	+ 9	- 1	- 5
7	New issues.....	- 19	- 1	—	—	- 1	- 2	- 1	- 19	- 2	- 26	- 3	- 2
8	Retirements.....	—	—	—	—	+ 1	—	—	—	—	—	—	+ 2
	Loans by Government of Canada:												
10	Repayment of post-war loans.....	—	+ 9	—	+ 24	+ 2	+ 11	—	+ 24	+ 2	+ 11	+ 3	+ 26
11	Repayment of war loans.....	+ 2	+ 6	+ 8	+ 7	+ 4	+ 7	+ 39	—	+ 7	+ 8	+ 7	+ 8
14	Change in Canadian dollar holdings of foreigners.....	- 4	+ 4	+ 2	- 68	+ 44	+ 20	- 71	- 11	- 18	+ 13	+ 10	+ 17
16	Change in official holdings of gold and foreign exchange (increase, minus).....	+ 24	- 32	- 25	- 4	+ 16	+ 91	- 35	- 34	- 4	- 37	- 38	- 45
17	Other capital movements.....	- 175	- 189	- 115	- 32	- 90	+ 41	- 14	- 122	- 52	+ 102	- 25	- 21
E	Net Capital Movement	- 28	- 44	- 75	- 17	+ 186	+ 194	+ 15	+ 48	+ 176	+ 189	- 20	+ 86

Notes:

Quarterly totals in the account with all countries will not add to annual totals since Mutual Aid to NATO countries is not distributed by quarters.
A-G For other notes applicable to this Table see notes to Table I.

TABLE IV. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1952-1954

(Millions of dollars)

B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1952				1953				1954			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A	Current Receipts:												
1	Merchandise exports (adjusted)	555	575	562	654	590	629	612	627	543	595	597	620
3	Gold production available for export	41	35	37	37	48	37	30	29	35	43	39	38
4	Travel expenditures	22	49	149	37	24	52	165	41	22	52	162	44
5	Interest and dividends	13	18	19	35	22	16	19	44	13	15	19	21
6	Freight and shipping	38	44	45	47	37	44	42	41	36	41	46	44
7	Inheritances and immigrants' funds	7	11	11	9	8	11	11	11	8	12	12	10
11	All other current receipts	45	52	53	74	51	58	77	67	50	54	64	66
12	Total Current Receipts	721	784	876	893	780	847	956	860	707	812	939	843
B	Current Payments:												
1	Merchandise imports (adjusted)	673	720	663	761	759	841	742	704	679	767	654	700
2	Travel expenditures	56	84	95	59	60	79	105	63	56	79	107	71
5	Interest and dividends	62	74	77	131	68	88	63	115	70	79	65	139
6	Freight and shipping	50	79	86	87	54	86	84	72	48	70	74	68
7	Inheritances and emigrants' funds	18	19	20	20	18	18	19	19	18	18	20	19
11	All other current payments	64	72	76	77	64	73	75	78	73	80	77	80
12	Total Current Payments	923	1,048	1,017	1,135	1,023	1,185	1,088	1,051	944	1,093	997	1,077
C	Current Account Balance	- 202	- 264	- 141	- 242	- 243	- 338	- 132	- 191	- 237	- 281	- 58	- 234
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada	+ 65	+ 73	+ 100	+ 81	+ 97	+ 86	+ 87	+ 76	+ 70	+ 73	+ 50	+ 98
2	Direct investment abroad	- 3	- 8	- 9	- 22	- 4	-	- 6	- 23	- 5	- 15	- 10	- 14
	Canadian Securities:												
3	Trade in outstanding issues	- 1	- 18	- 56	- 29	+ 2	- 49	- 13	- 20	+ 3	+ 6	- 16	+ 5
4	New issues	+ 88	+ 159	+ 23	+ 45	+ 126	+ 58	+ 12	+ 126	+ 169	+ 82	+ 27	+ 16
5	Retirements	- 8	- 39	- 5	- 23	- 23	- 86	- 6	- 15	- 16	- 71	- 44	- 53
	Foreign Securities:												
6	Trade in outstanding issues	+ 6	+ 2	+ 2	- 1	+ 1	+ 3	+ 2	+ 14	+ 4	+ 9	- 2	- 5
7	New issues	- 4	- 1	-	-	-	- 1	-	- 17	-	-	- 2	- 1
8	Retirements	-	-	-	-	+ 1	-	-	-	-	-	-	+ 1
14	Change in Canadian dollar holdings of foreigners	- 11	+ 13	- 12	- 27	+ 14	+ 10	- 15	- 10	- 3	+ 12	- 2	+ 5
16	Change in official holdings of gold and U.S. dollars (increase, minus)	- 9	- 40	- 27	- 4	+ 15	+ 94	- 37	- 30	- 8	- 36	- 34	- 43
17	Other capital movements	- 158	- 180	- 102	- 18	- 100	+ 30	- 34	- 119	- 46	+ 102	- 16	+ 4
E	Net Capital Movement	- 35	- 39	- 86	+ 2	+ 129	+ 143	- 10	- 16	+ 168	+ 162	- 49	+ 13
G	Balance Settled by Exchange Transfers	+ 237	+ 303	+ 227	+ 240	+ 114	+ 195	+ 142	+ 209	+ 69	+ 119	+ 107	+ 221
	Total Financing of Current Account Balance (Item C)	+ 202	+ 264	+ 141	+ 242	+ 243	+ 338	+ 132	+ 191	+ 237	+ 281	+ 58	+ 234

TABLE IV. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1952-1954

C. BETWEEN CANADA AND THE UNITED KINGDOM

No.	Account	1952				1953				1954			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A	Current Receipts:												
1	Merchandise exports (adjusted)	158	246	169	154	119	191	194	152	134	153	180	193
4	Travel expenditures	1	2	4	3	1	3	4	4	1	4	5	3
5	Interest and dividends	2	1	2	24	1	1	1	25	1	2	1	31
6	Freight and shipping	23	30	27	25	15	21	21	22	18	18	19	18
7	Inheritances and immigrants' funds	4	7	4	5	4	5	5	4	4	6	5	4
11	All other current receipts	8	9	8	9	12	8	8	9	8	10	10	8
12	Total Current Receipts	196	295	214	220	152	229	233	216	166	193	220	257
B	Current Payments:												
1	Merchandise imports (adjusted)	66	91	95	98	103	136	117	107	96	110	93	92
4	Travel expenditures	3	8	8	8	3	10	10	8	4	11	12	8
5	Interest and dividends	17	11	15	13	15	11	17	14	16	13	17	16
6	Freight and shipping	9	12	11	10	9	11	12	10	9	10	10	10
7	Inheritances and emigrants' funds	2	4	3	3	2	3	3	4	2	4	3	4
11	All other current payments	13	12	12	13	20	28	30	14	15	14	17	18
12	Total Current Payments	110	138	144	145	152	199	189	157	142	162	152	148
C	Current Account Balance	+ 86	+157	+ 70	+ 75	-	+ 30	+ 44	+ 59	+ 24	+ 31	+ 68	+109
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada	+ 3	+ 3	+ 3	+ 7	+ 9	+ 7	+16	+13	+ 9	+11	+14	+ 29
2	Direct investment abroad	-	- 1	-	- 1	-	- 1	- 1	- 3	-	-	-14	- 2
	Canadian Securities:												
3	Trade in outstanding issues	- 3	- 3	+ 2	+ 1	+ 5	+ 5	+ 3	+14	+ 9	+ 2	+ 1	+ 9
4	New issues	-	-	-	+ 1	+ 1	+ 1	+ 1	+ 4	+ 3	+ 3	+ 7	+ 7
5	Retirements	- 4	- 2	- 2	- 1	- 4	- 1	- 2	- 1	- 7	- 2	- 2	- 1
	Foreign Securities:												
6	Trade in outstanding issues	-	+ 1	+ 1	+ 1	+ 1	-	+ 1	+ 1	+ 1	-	+ 1	-
7	New issues	-	-	-	-	-	-	-	-	-	- 1	-	-
	Loans by Government of Canada:												
10	Repayment of post-war loans	-	-	-	+14	-	-	-	+14	-	-	-	+ 15
11	Repayment of war loans	+ 2	+ 6	+ 8	+ 7	+ 4	+ 7	+39	-	+ 7	+ 8	+ 7	+ 8
14	Change in Canadian dollar holdings of foreigners	-	+ 5	+ 5	- 23	+21	+20	- 53	- 1	- 9	- 3	+ 6	+ 15
16	Change in official holdings of sterling (increase, minus)	+33	+ 8	+ 2	-	+ 1	+ 3	+ 2	- 4	+ 4	- 1	- 4	- 2
17	Other capital movements	- 29	- 7	- 12	- 15	+ 9	+13	+21	- 3	- 2	-11	+ 3	- 21
E	Net Capital Movement	+ 2	+ 10	+ 7	- 9	+47	+48	+27	+34	+15	+ 6	+19	+ 57
G	Balance Settled by Exchange Transfers	- 88	-167	- 77	- 66	- 47	- 78	- 71	- 93	- 39	- 37	- 87	-166
	Total Financing of Current Account Balance (item C)	- 86	-157	- 70	- 75	-	- 30	- 44	- 59	- 24	- 31	- 68	-109

TABLE IV. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1952-1954

D. BETWEEN CANADA AND OTHER COUNTRIES

No.	Account	1952				1953				1954			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
	Rest of the Sterling Area:												
A 1	Merchandise exports	88	78	64	63	60	74	66	51	39	58	53	56
	Other current receipts	8	9	9	12	9	10	11	15	15	12	10	12
12	Total Current Receipts	96	87	73	75	69	84	77	66	54	70	63	68
B 1	Merchandise imports	42	50	50	43	28	48	49	47	30	52	53	48
	Other current payments	15	3	3	11	12	14	7	8	9	6	4	9
12	Total Current Payments	57	53	53	54	40	62	56	55	39	58	57	57
C	Current Account Balance	+ 39	+ 34	+ 20	+ 21	+ 29	+ 22	+ 21	+ 11	+ 15	+ 12	+ 6	+ 11
	Non-Sterling Area Overseas Countries:												
A 1	Merchandise exports	209	225	254	285	149	219	205	214	156	187	172	193
	Other current receipts	29	45	35	46	20	46	33	36	24	44	27	30
12	Total Current Receipts	238	270	289	331	169	265	238	250	180	231	199	223
B 1	Merchandise imports	109	124	129	136	112	136	145	136	118	139	141	144
	Other current payments	24	29	34	32	29	37	41	41	40	43	54	51
12	Total Current Payments	133	153	163	168	141	173	186	177	158	182	195	195
C	Current Account Balance	+105	+117	+126	+163	+ 28	+ 92	+ 52	+ 73	+ 22	+ 49	+ 4	+ 28
C	Current Account Balance with Above Areas	+144	+151	+146	+184	+ 57	+114	+ 73	+ 84	+ 37	+ 61	+ 10	+ 39
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada	+ 3	+ 2	+ 3	+ 3	+ 3	+ 4	+ 3	+ 25	+ 4	+ 4	+ 3	+ 11
2	Direct investment abroad	- 6	- 12	- 10	- 5	- 7	- 9	- 4	- 5	- 4	- 3	- 4	- 3
	Canadian Securities:												
3	Trade in outstanding issues	+ 4	+ 2	+ 3	+ 4	+ 3	+ 9	+ 5	+ 5	+ 4	+ 13	+ 16	+ 3
4	New issues	-	-	-	-	+ 2	+ 1	+ 1	+ 2	+ 2	+ 8	+ 1	+ 1
5	Retirements	-	-	-	- 5	- 2	-	- 1	- 3	- 2	- 2	- 2	-
	Foreign Securities:												
6	Trade in outstanding issues	-	-	-	-	-	-	- 1	-	- 1	-	-	-
7	New issues	- 15	-	-	-	- 1	- 1	- 1	- 2	- 2	- 25	- 1	- 1
8	Retirements	-	-	-	-	-	-	-	-	-	-	-	+ 1
10	Repayment of post-war loans by Government of Canada	-	+ 9	-	+ 10	+ 2	+ 11	-	+ 10	+ 2	+ 11	+ 3	+ 11
14	Change in Canadian dollar holdings of foreigners	+ 7	- 14	+ 9	- 18	+ 9	- 10	- 3	-	- 6	+ 4	+ 6	- 3
17	Other capital movements	+ 12	- 2	- 1	+ 1	+ 1	- 2	- 1	-	- 4	+ 11	- 12	- 4
E	Net Capital Movement	+ 5	- 15	+ 4	- 10	+ 10	+ 3	- 2	+ 32	- 7	+ 21	+ 10	+ 16
G	Balance Settled by Exchange Transfers	- 149	- 136	- 150	- 174	- 67	- 117	- 71	- 116	- 30	- 82	- 20	- 55
	Total Financing of Current Account Balance (item C)	- 144	- 151	- 146	- 184	- 57	- 114	- 73	- 84	- 37	- 61	- 10	- 39

TABLE V. Estimate of the Canadian Balance of International Indebtedness, Selected Year-Ends 1926-1954
(exclusive of short-term commercial indebtedness and blocked currencies)
(Billions of dollars)

Item	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954 ³
Canadian Liabilities (Foreign Capital Invested in Canada):													
Direct investments VIII-X.....	1.8	2.4	2.3	2.7	2.8	3.0	3.3	3.6	4.0	4.5	5.2	6.0	6.6
Government and municipal bonds VII.....	1.4	1.7	1.7	1.7	1.6	1.5	1.6	1.8	2.0	2.1	2.0	2.1	2.1
Other portfolio investments VIII.....	2.5	3.2	2.6	2.4	2.5	2.4	2.3	2.3	2.4	2.5	2.7	2.9	3.0
New investment funds.....	—	—	—	—	—	—	—	—	—	—	—	—	0.1
Miscellaneous investments VIII.....	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4 ²	0.5	0.5
Total non-resident long-term investment in Canada VII, VIII.....	6.0	7.6	6.9	7.1	7.2	7.2	7.5	8.0	8.7	9.5	10.4	11.4	12.4
Equity of non-residents in Canadian assets abroad.....	n/a	n/a	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.6
Canadian dollar holdings of non-residents.....	n/a	n/a	0.3	0.3	0.4	0.3	0.3	0.4	0.6	0.4	0.3	0.3	0.3
Canadian short-term assets of IMF and IBRD.....	—	—	—	—	—	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Gross Liabilities.....	6.4	8.0	7.4	7.6	7.8	8.1	8.4	8.9	9.9	10.6	11.4	12.6	13.5
United States.....	3.5	4.9	4.5	5.4	5.7	5.7	6.0	6.4	7.1	7.9	8.5	9.5	10.2
United Kingdom.....	2.7	2.9	2.6	1.8	1.7	1.7	1.7	1.8	2.0	1.9	2.0	2.2	2.3
Other countries, IMF and IBRD.....	0.2	0.2	0.3	0.4	0.4	0.7	0.7	0.7	0.8	0.8	0.9	1.0	1.0
Canadian Assets (Canadian Capital Invested Abroad):													
Direct investments XII.....	0.4	0.4	0.7	0.7	0.8	0.8	0.8	0.9	1.0	1.2	1.3	1.5	1.6
Portfolio investments XII.....	0.5	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.8 ²	0.8	0.9
Government of Canada loans and advances XII.....	—	—	—	0.7	1.4	1.8	1.9	2.0	2.0	1.9	1.9	1.8	1.7
Government of Canada subscriptions to IMF and IBRD.....	—	—	—	—	—	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Canadian long-term investments abroad.....	0.9	1.3	1.4	2.0	2.7	3.6	3.6	4.0	4.0	4.1	4.4	4.5	4.6
Government of Canada holdings of gold and foreign exchange VI.....	n/a	n/a	0.5	1.7	1.3	0.5	1.0	1.2	1.9	1.8	1.8	1.8	1.9
Other Canadian short-term assets abroad.....	n/a	n/a	—	0.1	—	—	—	0.1	0.1	0.1	0.3	0.3	0.4
Gross Assets.....	1.3	1.5	1.9	3.8	4.0	4.1	4.7	5.2	5.9	6.0	6.4	6.6	6.9
Government of Canada holdings of gold and foreign exchange.....	—	—	0.5	1.7	1.3	0.5	1.0	1.2	1.9	1.8	1.8	1.8	1.9
United States ¹	0.7	0.9	0.9	0.9	0.8	0.8	0.8	1.1	1.1	1.4	1.7	2.0	2.1
United Kingdom ¹	0.1	0.1	0.1	0.7	1.2	1.5	1.5	1.6	1.6	1.5	1.5	1.5	1.5
Other countries, IMF and IBRD.....	0.5	0.5	0.4	0.5	0.7	1.3	1.4	1.3	1.3	1.3	1.4	1.4	1.4
Canadian Net International Indebtedness:													
Net Liabilities.....	5.1	6.5	5.5	3.9	3.8	4.0	3.7	3.7	4.0	4.6	5.0	6.0	6.6
Government of Canada holdings of gold and foreign exchange.....	—	—	-0.5	-1.7	-1.3	-0.5	-1.0	-1.2	-1.9	-1.8	-1.8	-1.8	-1.9
United States ¹	2.8	4.0	3.6	4.6	4.9	4.9	5.2	5.3	6.0	6.5	6.8	7.5	8.1
United Kingdom ¹	2.6	2.8	2.5	1.1	0.5	0.2	0.2	0.2	0.4	0.4	0.5	0.7	0.8
Other countries, IMF and IBRD.....	-0.3	-0.3	-0.1	-0.1	-0.3	-0.6	-0.7	-0.6	-0.5	-0.5	-0.5	-0.5	-0.4

N.B. As above figures are rounded, totals do not necessarily equal the sum of their component parts. Roman numerals indicate tables in which further detail appears.

1. Exclusive of Government of Canada holdings of gold and foreign exchange.

2. New series.

3. Preliminary estimate.

TABLE VI. Canada's Official Holdings of Gold and United States Dollars¹, 1950-1954
(Millions of U.S. dollars)

At end of	1950	1951	1952	1953	1954
March.....	1,192.2	1,653.4	1,787.2	1,845.3	1,827.2
June.....	1,255.4	1,683.0	1,827.7	1,750.1	1,863.3
September.....	1,789.6	1,610.1	1,855.6	1,787.3	1,898.6
December.....	1,741.5	1,778.6	1,860.2	1,818.5	1,942.6

1. Gold, United States exchange and short-term securities of the United States Government held by the Exchange Fund Account, the Bank of Canada, and other Government of Canada Accounts.

TABLE VII. Foreign Capital Invested in Canada, Selected Year Ends 1930-1953

Classification by Types of Investment
(Millions of dollars)

Long-Term Investments in Canada	A. Owned by all Non-Residents					B. Owned by United States				
	1930	1945	1951	1952	1953	1930	1945	1951	1952	1953
Government securities:										
Dominion	682	726	1,013	858	744	440	682	887	737	608
Provincial	592	624	771	816	930	517	574	732	782	886
Municipal	432	312	319	354	413	248	194	279	316	376
Sub-total	1,706	1,662	2,103	2,028	2,087	1,205	1,450	1,898	1,835	1,870
Public utilities:										
Railways	2,244	1,599	1,436	1,429	1,420	832	720	656	644	620
Other	634	494	575	639	679	522	375	490	550	588
Sub-total	2,878	2,093	2,011	2,068	2,099	1,354	1,095	1,146	1,194	1,208
Manufacturing	1,573	1,829	3,115	3,541	3,896	1,287	1,482	2,568	2,920	3,187
Mining and smelting	334	403	815	1,076	1,423	255	322	723	976	1,316
Merchandising	203	226	388	447	533	138	164	270	317	391
Financial institutions	543	525	591	644	768	251	285	353	395	481
Other enterprises	82	70	120	133	152	76	62	106	116	131
Miscellaneous assets	295	284	328	447 ¹	466	94	130	195	249 ¹	256
Total Investment	7,614	7,092	9,471	10,384	11,424	4,660	4,990	7,259	8,002	8,840
	C. Owned by United Kingdom					D. Owned by all Other Countries				
	1930	1945	1951	1952	1953	1930	1945	1951	1952	1953
Government securities:										
Dominion	235	—	70	68	79	7	44	56	53	57
Provincial	69	45	38	32	36	6	5	1	2	8
Municipal	182	112	38	36	35	2	6	2	2	2
Sub-total	486	157	146	136	150	15	55	59	57	67
Public utilities:										
Railways	1,352	806	704	699	702	60	73	76	86	98
Other	100	90	56	55	57	12	29	29	34	34
Sub-total	1,452	896	760	754	759	72	102	105	120	132
Manufacturing	274	301	490	556	612	12	46	57	65	97
Mining and smelting	74	62	60	61	63	5	19	32	39	44
Merchandising	61	57	103	112	122	4	5	15	18	20
Financial institutions	243	186	142	139	167	49	54	96	110	120
Other enterprises	5	6	10	12	16	1	2	4	5	5
Miscellaneous assets	171	85	65	114 ¹	116	30	69	68	84 ¹	94
Total Investment	2,766	1,750	1,776	1,884	2,005	188	352	436	498	579

For other years, see The Canadian Balance of International Payments, 1953, and International Investment Position.

Common and preference stocks are included at book (equity) values as shown in the balance sheets of the issuing companies, bonds and debentures are valued at par, liabilities in foreign currencies being converted into Canadian dollars at the original par of exchange.

Investments in Canadian companies have been classified according to principal activities in Canada. Investments in exploration and development of petroleum by companies engaged in refining and production of petroleum products are therefore included in the manufacturing group.

Investments in Canada shown as owned by residents of the United States and the United Kingdom include some investments held for residents of other countries.

1. New series.

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends 1930-1953

Classification by Types of Security and Nature of National Ownership

(Millions of dollars)

Long-Term Investments in Canada	A. Owned by all Non-Residents					B. Owned by United States				
	1930	1945	1951	1952	1953	1930	1945	1951	1952	1953
By Type of Assets										
Bonds and Debentures:										
Government and municipal ¹	1,706	1,662	2,103	2,028	2,087	1,205	1,450	1,898	1,835	1,870
Steam railways.....	1,481	843	676	644	619	598	495	335	305	287
Other corporations.....	796	561	674	903	1,084	600	414	542	753	907
Sub-total	3,983	3,066	3,453	3,575	3,790	2,403	2,359	2,775	2,893	3,064
Capital stock of Canadian companies.....	2,856	3,194	4,739	5,190	5,685	1,832	2,088	3,477	3,830	4,207
Other corporation assets ²	480	548	951	1,172	1,483	331	413	812	1,030	1,313
Miscellaneous investments.....	295	284	328	447 ⁴	466	94	130	195	249 ⁴	256
Total Investments	7,614	7,092	9,471	10,384	11,424	4,660	4,990	7,259	8,002	8,840
By Nature of National Ownership										
I. Direct Investments (controlled in country of ownership):										
Bonds and Debentures:										
Steam railways.....	52	46	36	36	36	42	38	29	29	29
Other corporations.....	357	281	346	503	584	294	254	319	479	554
Sub-total	409	327	382	539	620	336	292	348	508	583
Capital stock of Canadian companies.....	1,543	1,860	3,206	3,542	3,924	1,330	1,613	2,751	3,023	3,329
Other corporation assets ²	475	526	933	1,143	1,433	327	399	798	1,005	1,268
Total Direct Investments	2,427	2,713	4,521	5,224	5,977	1,993	2,304	3,897	4,536	5,180
II. Government and Municipal Bonds¹	1,706	1,662	2,103	2,028	2,087	1,205	1,450	1,898	1,835	1,870
III. Other Portfolio Investments (not controlled in country of ownership):										
Bonds and Debentures:										
Steam railways—controlled in Canada.....	1,427	795	637	605	580	556	457	306	276	258
—controlled in other countries.....	2	2	3	3	3	—	—	—	—	—
Other corporations—controlled in Canada.....	421	220	239	291	369	301	158	214	266	344
—controlled in other countries.....	18	60	89	109	131	5	2	9	8	9
Sub-total	1,868	1,077	968	1,008	1,083	862	617	529	550	611
Capital stock of Canadian companies:										
Companies controlled in Canada.....	1,233	1,249	1,416	1,514	1,615	484	462	708	784	852
Companies controlled in other countries.....	80	85	117	134	146	18	13	18	23	26
Other corporation assets ² :										
Companies controlled in Canada.....	5	16	11	21	39	4	13	10	20	38
Companies controlled in other countries.....	—	6	7	8	11	—	1	4	5	7
Total Other Portfolio Investments	3,186	2,433	2,519	2,685	2,894	1,368	1,106	1,269	1,382	1,534
IV. Miscellaneous Investments:										
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.....	295	284	328	447 ⁴	466	94	130	195	249 ⁴	256
SUMMARY										
I. Direct Investments.....	2,427	2,713	4,521	5,224	5,977	1,993	2,304	3,897	4,536	5,180
II. Government and municipal bonds.....	1,706	1,662	2,103	2,028	2,087	1,205	1,450	1,898	1,835	1,870
III. Other portfolio investments.....	3,186	2,433	2,519	2,685	2,894	1,368	1,106	1,269	1,382	1,534
IV. Miscellaneous investments.....	295	284	328	447 ⁴	466	94	130	195	249 ⁴	256
Total Investments	7,614	7,092	9,471	10,384	11,424	4,660	4,990	7,259	8,002	8,840

For summary figures 1926 to 1954, see table V; for additional years and 1954 for United States, see statement 15. For complete detail of earlier years see the Canadian Balance of International Payments, 1953, and International Investment Position.

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends 1930-1953

Classification by Types of Security and Nature of National Ownership
(Millions of dollars)

Long-Term Investments in Canada	C. Owned by United Kingdom					D. Owned by All Other Countries				
	1930	1945	1951	1952	1953	1930	1945	1951	1952	1953
By Type of Assets										
Bonds and Debentures:										
Government and municipal ¹	486	157	146	136	150	15	55	59	57	67
Steam railways	862	316	309	307	300	21	32	32	32	32
Other corporations	171	116	104	123	149	25	31	28	27	28
Sub-total	1,519	589	559	566	599	61	118	119	116	127
Capital stock of Canadian companies	942	973	1,042	1,100	1,163	82	133	220	260	315
Other corporation assets ²	134	103	110	104	127	15	32	29	38	43
Miscellaneous investments	171	85	65	114 ⁴	116	30	69	68	84 ⁴	94
Total Investments	2,766	1,750	1,776	1,884	2,005	188	352	436	498	579
By Nature of National Ownership										
I. Direct Investments (controlled in country of ownership):										
Bonds and Debentures:										
Steam railways	10	8	7	7	7	—	—	—	—	—
Other corporations	49	13	13	11	15	14	14	14	13	15
Sub-total	59	21	20	18	22	14	14	14	13	15
Capital stock of Canadian companies	200	226	369	424	465	13	21	86	95	130
Other corporation assets ²	133	101	108	102	124	15	26	27	36	41
Total Direct Investments	392	348	497	544	611	42	61	127	144	186
II. Government and Municipal Bonds ¹	486	157	146	136	150	15	55	59	57	67
III. Other Portfolio Investments (not controlled in country of ownership):										
Bonds and Debentures:										
Steam railways — controlled in Canada	850	306	299	297	290	21	32	32	32	32
— controlled in other countries	2	2	3	3	3	—	—	—	—	—
Other corporations — controlled in Canada	116	46	11	11	12	4	16	14	14	13
— controlled in other countries	6	57	80	101	122	7	1	—	—	—
Sub-total	974	411	393	412	427	32	49	46	46	45
Capital stock of Canadian companies:										
Companies controlled in Canada	685	691	600	597	615	64	96	108	133	148
Companies controlled in other countries	57	56	73	79	83	5	16	26	32	37
Other corporation assets ² :										
Companies controlled in Canada	1	2	1	1	1	—	1	—	—	—
Companies controlled in other countries	—	—	1	1	2	—	5	2	2	2
Total Other Portfolio Investments	1,717	1,160	1,068	1,090	1,128	101	167	182	213	232
IV. Miscellaneous Investments:										
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	171	85	65	114 ⁴	116	30	69	68	84 ⁴	94
SUMMARY										
I. Direct Investments	392	348	497	544	611	42	61	127	144	186
II. Government and municipal bonds	486	157	146	136	150	15	55	59	57	67
III. Other portfolio investments	1,717	1,160	1,068	1,090	1,128	101	167	182	213	232
IV. Miscellaneous investments	171	85	65	114 ⁴	116	30	69	68	84 ⁴	94
Total Investments	2,766	1,750	1,776	1,884	2,005	188	352	436	498	579

1. For division of Government of Canada, provincial and municipal, see Table VII.

2. Includes net assets of unincorporated branches and other long-term investments.

3. Includes some investments held by nominees for residents of other countries.

4. New series.

TABLE IX. United States Direct Investments¹ in all Canadian Businesses, Selected Year Ends 1926-1933

Classification by Types of Business

(Millions of dollars)

Type of Business	1926	1930	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953
Manufacturing:												
Vegetable products	69	94	96	140	146	155	179	182	193	214	231	262
Animal products	16	38	47	44	42	46	49	55	58	60	66	70
Textiles	18	20	20	28	29	32	35	38	42	46	46	43
Wood and paper products	256	334	281	316	350	383	427	441	446	454	499	559
Iron and products	180	199	188	272	283	312	346	378	420	452	528	592
Non-ferrous metals	83	113	130	203	208	225	250	270	311	362	478	494
Non-metallic minerals ²	109	126	112	133	138	152	229	279	307	428	469	505
Chemicals and allied products	60	86	88	118	134	147	167	185	194	219	250	266
Miscellaneous manufactures	25	31	22	31	36	41	47	52	53	56	59	65
Total	818	1,041	984	1,285	1,366	1,493	1,729	1,880	2,024	2,291	2,626	2,856
Mining and smelting ²	141	210	198	255	245	254	275	331	453	603	825	1,104
Utilities	249	423	399	359	366	345	347	375	379	392	382	412
Merchandising	89	122	119	153	165	175	183	199	219	259	306	339
Financial institutions	58	136	126	198	232	222	208	241	267	253	289	346
Other enterprises	48	61	55	54	54	59	65	69	84	99	108	123
Total, All Companies	1,403	1,993	1,881	2,304	2,428	2,548	2,807	3,095	3,426	3,897	4,536	5,180

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

2. Investments in exploration and development of petroleum by companies engaged principally in refining and production of petroleum products are included in the non-metallic minerals item of Manufacturing.

TABLE X. United Kingdom Direct Investments¹ in all Canadian Businesses, Selected Year Ends 1939-1953

Classification by Types of Business

(Millions of dollars)

Type of Business	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953
Manufacturing:										
Vegetable products	61	60	60	68	69	68	74	74	82	86
Animal products	2	3	2	3	2	3	3	3	3	3
Textiles	18	26	27	30	33	30	36	38	39	40
Wood and paper products	38	30	31	33	32	88	92	109	111	121
Iron and products	4	4	4	5	7	7	20	14	15	21
Non-ferrous metals	6	8	6	5	7	8	9	10	8	15
Non-metallic minerals	3	4	4	6	15	15	19	17	25	27
Chemicals and allied products	21	19	19	21	25	26	28	30	36	42
Miscellaneous manufactures	2	2	2	2	3	5	7	12	26	26
Total	153	156	155	173	193	250	288	307	345	381
Mining and smelting	29	22	19	18	19	17	19	19	18	17
Utilities	15	16	16	18	18	17	16	16	16	16
Merchandising	46	51	55	67	70	76	84	98	107	117
Financial institutions	120	98	85	92	95	61	54	48	47	65
Other enterprises	3	5	5	4	5	7	7	9	11	15
Total, All Companies	366	348	335	372	400	428	468	497	544	611

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

2. Less than \$500,000.

TABLE XI. Number of Canadian Concerns Controlled Abroad¹, End of 1953

Classification by Countries of Ownership and Types of Business

Type of Business	Controlled in United States			Controlled in United Kingdom			Controlled in Other Countries		
	Subsidiaries or Controlled Companies	Unincorporated branches	Total Number	Subsidiaries or Controlled Companies	Unincorporated branches	Total Number	Subsidiaries or Controlled Companies	Unincorporated branches	Total Number
Manufacturing:									
Vegetable products	115	5	120	54	2	56	4	—	4
Animal products	55	1	56	3	1	4	3	—	3
Textiles	73	—	73	21	2	23	5	—	5
Wood and paper products	152	10	162	30	1	31	9	—	9
Iron and products	308	19	327	50	—	50	6	—	6
Non-ferrous metals	184	8	192	26	2	28	6	—	6
Non-metallic minerals	78	4	82	19	—	19	3	—	3
Chemicals and allied products	269	36	305	46	3	49	6	2	8
Miscellaneous manufactures	79	6	85	14	—	14	2	—	2
Total	1,313	89	1,402	263	11	274	44	2	46
Mining and Smelting	260	86	346	19	2	21	9	—	9
Utilities:									
Railways	9	2	11	4	—	4	—	—	—
Other utilities	97	16	113	13	3	16	11	2	13
Merchandising	577	89	666	247	33	280	55	2	57
Financial institutions:									
Insurance	14	179	193	25	87	112	3	35	38
Investment trusts	13	—	13	7	—	7	5	—	5
Other financial institutions	85	15	100	34	4	38	27	—	27
Other enterprises	328	63	391	43	6	49	22	—	22
Total, All Companies² 1953	2,696	539	3,235	655	146	801	176	41	217
Total, All Companies² 1945	1,594	391	1,985	320	135	455	56	26	82

1. Book value of total investment in these companies by residents of country in which control lies is shown as direct investment in preceding tables.

2. Includes wholly-owned subsidiaries of Canadian Companies controlled in the U.S. 564 in 1953, 210 in 1945; in the U.K. 152 in 1953, 58 in 1945; in other countries 14 in 1953, 2 in 1945.

TABLE XII. Canadian Long-Term Investments Abroad¹, Selected Year Ends 1939-1953

(Millions of dollars)

Location and Year	Direct Investment in Branches, Subsidiaries and Controlled Companies					Portfolio Investments in Foreign Securities			Government of Canada Credits	Total
	Railways and Utilities	Industrial and Commercial	Mining and Petroleum	Other Concerns	Total Direct Investment	Stocks	Bonds	Total Portfolio Investment		
In All Countries:										
1939	249	289	123	10	671	511	208	719	31	1,421
1945	239	337	138	6	720	454	167	621	707	2,048
1949	276	553	91	6	926	477	161	638	2,000	3,564
1951	320	723	117	6	1,166	467	142	609	1,922	3,697
1952	326	771	163	11	1,271	669	161	830	1,866	3,967
1953	402	879	217	9	1,507	663	179	842	1,778	4,127
In the United States:										
1939	211	176	21	4	412	380	121	501	—	913
1945	212	214	25	4	455	317	92	409	—	864
1949	247	413	58	3	721	345	98	443	—	1,164
1951	288	549	71	4	912	289	87	376	—	1,288
1952	293	572	95	8	968	450 ⁴	86	536	—	1,504
1953	365	652	123	7	1,147	44 ²	95	537	—	1,684
In the United Kingdom:										
1939	2	53	—	6	59	22	21	43	—	102
1945	2	53	—	1	54	26	27	53	561	668
1949	2	58	—	1	59	21	19	40	1,434	1,533
1951	1	73	—	2	74	17	17	34	1,394	1,502
1952	1	80	—	2	81	17	14	31	1,357	1,469
1953	1	103	—	2	104	16	13	29	1,292	1,425
In Other British Countries³:										
1939	7	30	17	2	54	7	15	22	—	76
1945	7	34	28	2	69	7	12	19	—	88
1949	6	51	19	2	76	6	6	14	—	90
1951	7	61	20	2	88	6	8	14	—	102
1952	7	70	35	2	112	6	8	14	—	126
1953	6	73	56	2	135	6	8	14	—	149
In Other Foreign Countries:										
1939	31	30	85	—	146	102	51	153	31	330
1945	20	36	85	1	142	104	36	140	146	428
1949	23	31	14	2	70	105	36	141	566	777
1951	25	39	26	2	92	155	30	185	528	805
1952	25	49	33	3	110	196	53	249	509	868
1953	30	51	38	2	121	199	63	262	486	869

1. Excluding investments of insurance companies and banks, and subscriptions by the Government of Canada to IMF and IBRD.

2. Amounts are less than \$500,000.

3. Including investments in Newfoundland prior to 1949.

4. New series not strictly comparable with earlier years.

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