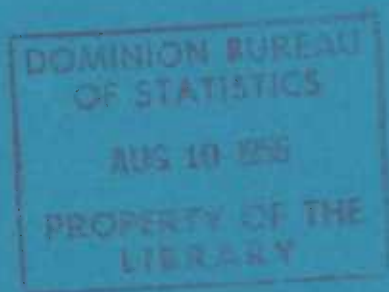


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CANADA

THE CANADIAN BALANCE
OF
INTERNATIONAL PAYMENTS, 1955
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, 1955

Summary

Accompanying a marked recovery in the level of economic activity, both receipts and payments on Canada's international account increased sharply in 1955. The deficit from current account transactions in the balance of payments rose to a record level of \$692 million, an increase of \$260 million over 1954.

This larger deficit was primarily related to merchandise trade, the deficit on which rose \$221 million. This source of the current deficit became prominent in the latter part of 1955 with the great rise in imports, and has continued in 1956. Commodity exports (adjusted for purposes of the balance of payments) increased by \$403 million or 10 per cent, while adjusted imports increased by \$624 million or 16 per cent. As export prices advanced over 2 per cent, and import prices only 1 per cent, the terms of trade moved perceptibly in Canada's favour. These price changes thus indicate a somewhat greater disparity between changes in the volume of exports and imports than between the comparable value levels.

Non-merchandise trade receipts rose by \$200 million or 15 per cent, and payments by \$239 million or 14 per cent, accounting for the remaining \$39 million increase in the overall balance of payments deficit. The deficit of \$484 million from these transactions continued to constitute the major part of the current account deficit. All of the "invisible" items (excluding gold) have been in

deficit for the past three years. Following the 1954 pattern, there were still larger individual deficits in 1955 as a result of increased expenditures by Canadians on foreign travel, and higher payments abroad of interest and dividends, migrants' and inheritance funds, and official contributions. On the other hand, this increase in payments was partially offset by a further increase in earnings from freight and shipping, and substantially larger miscellaneous receipts.

Inflows of capital in long-term forms during 1955 declined by more than \$180 million in contrast to the increase of \$260 million in the current account deficit. The principal factor contributing to the decline was a shift in the direction of transactions in Canadian portfolio securities, and in particular a sharp reduction in the sale abroad of new Canadian issues. The difference between the enlarged current account deficit and reduced capital inflows in long-term forms was made up by large inward movements of capital in short-term forms, mainly of private character. These movements represented a reversal of the trend prevailing for some years previously during which the net financial capital of a long-term nature supplied from abroad exceeded Canada's net physical demands on the rest of the world. Most of these movements were reductions in short-term assets and may be regarded as reflecting the current use, in physical terms, of the earlier inflows. The additional resources supplied from abroad helped to fill pressing demands in the expanding Canadian economy referred to below.

STATEMENT 1. Summary of the Balance of Payments Between Canada and All Countries, 1950-1955
(Millions of dollars)

Account	1950	1951	1952	1953	1954	1955	Change in 1955
Commodity exports (adjusted) ¹	3,139	3,950	4,339	4,152	3,929	4,332	+ 403
Commodity imports (adjusted)	3,129	4,097	3,850	4,210	3,916	4,540	+ 624
Balance on commodity trade	+ 10	- 147	+ 489	- 58	+ 13	- 208	- 221
Other current receipts	1,101	1,216	1,319	1,339	1,307	1,507	+ 200
Other current payments	1,445	1,586	1,644	1,724	1,752	1,991	+ 239
Balance on invisibles	- 344	- 370	- 325	- 385	- 445	- 484	- 39
Current account balance	- 334	- 517	+ 164	- 443	- 432	- 692	- 260
Direct investment in Canada	+ 222	+ 309	+ 346	+ 426	+ 423	+ 410	- 13
Net new issues of Canadian securities	- 74	+ 227	+ 227	+ 189	+ 128	- 18	- 146
Net trade in outstanding Canadian securities	+ 329	+ 38	- 94	- 31	+ 63	- 17	- 80
All other capital movements ²	- 143	- 57	- 643	- 141	- 182	+ 317	+ 499
Net capital movement	+ 334	+ 517	- 164	+ 443	+ 432	+ 692	+ 260

1. Excluding Canadian-Mutual Aid to NATO Countries.

2. Including amounts of -694, -39, -80, +42, -124, and +44 in 1950 to 1955 respectively, covering the Canadian dollar equivalent of increases (-) or decreases (+) in official holdings of gold and U.S. dollars.

The growth of the balance of payments deficit, and in particular, the growth in imports may be considered in the light of the overall expansionary pressures in the Canadian economy in 1955. After a marked setback in the volume of production and in Gross National Product in 1954, the level of economic activity recovered in 1955 with a 9 per cent increase in production and a 10 per cent increase in Gross National Product. Important internal demand sectors to increase were personal expenditure, and those related to investment, notably producers' durables, inventories and housing. For the most part these increased demands had a high import content embracing consumption goods, machinery, and raw and semi-finished materials. Accompanying this high level of production and expansion in Canadian industry were larger payments abroad for services and remittances of earnings. And a large part of government expenditures continued to be on account of defence with direct and indirect effects upon imports. At the same time there was additional pressure on the economy as the expansionary forces in the United States and overseas countries resulted in an increased demand for Canadian exports, and in a change in the business climate. This led to larger exports particularly of forest products and base metals and new commodities for export like iron ore and petroleum. Although the effect of this increase in exports of most primary products was somewhat damped by a substantial decline in exports of grain the overall increase was exceptional.

Besides a generally widening imbalance the most noteworthy change in the distribution of Canada's trade by country and area was the \$154 million switch from a surplus to a deficit with overseas countries other than in the sterling area. This movement is related both to larger imports of goods and to larger payments on non-merchandise account. A substantially increased surplus with the United Kingdom and the rest of the sterling area tended to offset the deficit incurred with the rest of the world, leaving the major portion of Canada's increased deficit (\$234 million of \$260 million) to be accounted for by trade with the United States.

The 1955 addition to Canada's Mutual Aid contributions to NATO countries was \$222 million, bringing the total contribution from 1950 to date to \$1,154 million. These unilateral transactions, as measured for the balance of payments, include shipments of equipment and supplies, and the provision of training for European aircrews. The credit entries representing provision of goods and services are offset by corresponding payments entries, representing the contributions, so that they do not affect the net current account balance.

Leading Characteristics and Factors in the 1950's

During the past half dozen years since 1950 Canada's international accounts have had some unusually pronounced features which have been

characteristic of most of the period. The outlines of these and the underlying background contrast vividly with the features of the accounts for the earlier post-war years from 1946 to 1949. Some of the factors in the recent change in Canada's economic relations with other countries become clarified when the alterations in outlines are examined.

The outstanding feature of Canada's balance of payments during the 1950's has been the prevalence of a current account deficit and the accompanying inflows of capital. There have been deficits in each year except 1952 when the small surplus was due to the coincidence of various special factors. The average size of the deficit for the six years has been \$376 million and this has been exceeded in four of the six years. In contrast the current surplus which characterized the period 1946 to 1949 averaged \$260 million. The deficits in the 1950's have been mainly from non-commodity transactions although import balances on commodity account have contributed to the deficits in three of the six years and were particularly large in the latter part of 1955. But over the period as a whole commodity trade has been virtually in balance in contrast to export surpluses in the earlier period. And in the meantime the deficit from non-commodity transactions has grown to between three and four times the average in the earlier period.

The net effect of the two major types of change on the current account balance has been fairly evenly divided. The balance on commodity account has contributed more than one-half of the change insofar as the average balance for the two periods goes, while the change in the balance from non-commodity transactions amounted to less than one-half of the change. The relative changes have however, varied from year to year. On commodity account there has been a decline from an average export surplus in the years 1946 to 1949 of \$371 million to a virtual balance in the commodity account over the period 1950-1955. But in 1955 there was an import balance of \$208 million. This change in the two periods has been brought about by a greater growth in imports than in exports. Both have risen impressively in value but a rise of 64 per cent in the average annual import value compared with a rise of 42 per cent in the average annual export value has been enough to alter the balance on commodity account by a significant amount. And the continued greater rise in imports in 1955 than in exports turned the commodity balance in that year into a substantial and growing import balance.

A variety of factors are responsible for the change in non-commodity transactions. Chief among them have been swings from surpluses to deficits in the travel account, freight and shipping, and inheritances and migrants' funds, and a growth in consistently large sources of deficits such as income account and miscellaneous current transactions.

A great contrast between the two periods also stands out in the form and direction of capital movements. The outstanding feature of the capital account in the 1950's has been the unprecedented and consistently large inflows of non-resident capital for direct investment in Canada. These have averaged \$356 million in this period, almost as much as the average current account deficit. In contrast in the period from 1946 to 1949 the average net inflow for direct investment was only \$66 million, but in that period the most outstandingly large and characteristic group of capital movements were the outflows connected with the extension of loans and credit by the Canadian Government to overseas countries. Net drawings on loans and credits averaged \$318 million in that period but varied greatly from year to year. In 1946 the total drawings were \$750 million, while in 1949 these had dropped to \$120 million. In the 1950's there were instead inflows of capital of this kind arising from repayments of war and post-war loans.

There has also been a pronounced change in the geographical distribution of transactions. In the 1950's larger ratios of both current and capital transactions have been with the United States. Higher proportions of Canadian trade are now with that country and the current deficit has been consistently larger than in any of the earlier years except 1947. Capital inflows of a long-term character have also been substantial and consistently inwards from the United States each year in the 1950's whereas in the 1940's the inflows, when they occurred, were smaller and less consistent, with some outflows to the United States in certain periods, in addition to the outflows overseas arising from the financing of exports by the Canadian government while European economies were being restored.

While the current deficits with the United States have deepened in the 1950's there have been contractions in the current surplus with overseas countries. These contractions have been most consistent in the accounts with the United Kingdom and the rest of the Sterling area in comparison with the substantial export balances with these countries in the 1940's. The current surplus with O.E.E.C. countries has also been relatively small in the last few years, although it remained large up until 1953 due to heavy export of grains for several years.

Inherent in the change since the 1940's has been a greater growth in Canadian imports of both goods and services than in exports. Even though there has been a substantial increase in Canada's basic export capacity and this has been generally fully employed by the strong demands abroad for Canadian production this increase has been less than the growth in Canadian imports. Compared with 1948 the volume of Canadian exports had risen in 1955 by some 18% while the volume of imports had risen by 60%. There has been a loss of markets overseas for many of the manufactured

goods exported in the 1940's but this has of late been more than offset by rising capacity for the production of industrial materials for export. And it should be borne in mind that Canadian imports were subnormal in 1948 because of import controls and some scarcities.

Many of the demands giving rise to the growth in Canadian imports have their origin in the pervasive character of Canadian economic development and the pace at which this has been proceeding. In addition to a large investment programme developing basic resource industries there has been a steadily rising population and this in turn has led to other forms of investment, particularly in the spheres of social capital and secondary industry. This has greatly increased Canada's import requirements and the rising living standards in Canada, which have come with increasing industrialization and urbanization, have further broadened Canadian import demands. In addition there has been the burden of defence expenditures on an unprecedented peacetime scale which both directly and indirectly has added to imports. As a result of these diverse forces Canadian imports have shown a high degree of flexibility and have risen to new peaks in volume in each year from 1951 to 1953 and 1955 to 1956, each higher than the preceding peaks. Fluctuations in imports have been much more than in domestic manufacturing production and have tended to moderate the latter changes. And the increased import demands have not been confined to merchandise. The same factors have been at work increasing other types of current expenditures abroad, most notably on external travel by Canadians, on business services, and in income payments on foreign capital invested in Canada.

The strong pressures of Canadian demands which have made for current account deficits have led to a drawing upon real foreign resources. In this way foreign goods and services have supplemented Canadian production. This borrowing of real resources has had its financial counterparts in inflows of foreign capital to Canada for investment in the 1950's. There are, of course, close inter-relationships between the capital inflows and the high level of investment in Canada and the resulting rise in imports. Much of the investment has been directly financed by capital inflows, particularly inflows from foreign business firms developing Canadian resources and industry through branches and subsidiaries. This type of inflow in particular has provided certain kinds of capital in which Canadian supplies have been deficient in relation to the great volume of needs. Some other investment projects have been directly financed by sales of new issues of Canadian securities in the United States by Canadian governments and corporations, or indirectly by the effects of other capital inflows.

The various ways in which the current deficits have been financed by capital movements are presented and analyzed in detail in the description which follows of the capital account. It is notable

that the net inflows from direct investment of over \$2 billion have been about the same magnitude as the cumulative current deficit in the past six years. Over \$1 billion of this has been used in the development of the petroleum industry and another \$400 million in other mineral developments, both highly dependent upon non-resident capital. These inflows for direct investment have been the leading single factor affecting Canada's international investment position during the 1950's. In addition there have been the large earnings which have been retained in direct investments by non-residents which have been of almost equal size. Most of the retained earnings have been reinvested in manufacturing and non-resident ownership and control of this branch of industry has been also increasing significantly as has been even more the case in the extractive industries. Well over half the increased investment in the sphere of Canadian industry covering manufacturing, mining and petroleum in the past half dozen years has been provided by non-residents.

As a result of these changes in the 1950's leading to a growing drawing upon non-resident resources, both physical and financial, there has been a large increase in Canada's balance of international indebtedness. And even more concentrated and significant changes have occurred in the ownership of Canadian industry, more particularly in the non-resident ownership and control of equities in Canadian productive resources.

Quarterly Developments

Following a downturn in business activity which began late in 1953, the last quarter of 1954 set the stage for the vigorous recovery which was to dominate the 1955 scene. In the first nine months of 1954, exports and imports were running some 8 and 9 per cent below the comparable 1953 levels. In the fourth quarter as the expansionary forces at home and abroad began to take hold, exports increased relative to 1953 and imports regained most of their lost ground. The merchandise account showed a substantial surplus, the largest for many quarters. Smaller non-merchandise receipts, and larger payments, particularly of interest and dividends, resulted in an overall current account deficit.

In the first six months of 1955, under the stimulus of renewed activity at home and in the United States, imports increased substantially but exports increased even more. The deficit on commodity trade in this period was less than half the deficits incurred in the first six months of 1953 or 1954. Relatively larger payments for services resulted in current account deficits for both quarters of the half year, but the deficits were in each case smaller than those incurred in the first six months of 1954. But this comparison for the second quarter is affected abnormally by the inclusion of extra imports in that period of 1954 due to a change in import coding procedure introduced in June 1954.

Net capital inflows for direct investments, portfolio security transactions, and official loan repayments declined from \$120 million in the fourth quarter 1954 to \$89 million in the first quarter of 1955. There was a sharp increase in the capital inflow from the sale abroad of new issues of Canadian securities, but this was almost offset by increased repatriation through trading and retirements. Inflows from direct investment transactions and loan repayments fell. The change in movements of official holdings of gold and foreign exchange from accumulation to disaccumulation was, on balance, more than equivalent to the enlargement of the current account deficit. It should be recorded, however, that a part of this change reflected official debt repatriation. In contrast, during the second quarter when there was a deficit of comparable size the Canadian dollar was at a smaller average premium and capital movements of a short-term character occurred on a sufficiently large scale to permit some reinforcing of the official reserves.

Exports continued to increase for the rest of the year, in spite of a decline of grain exports in the fourth quarter. Under the pressure of final demand for consumption and investment goods, imports increased sharply in the last half of 1955 rising some 26 per cent above the comparable 1954 level. This extraordinary level of imports converted the more usual surpluses on merchandise account to deficits in both the third and fourth quarter of 1955. The deficit on "invisible" items for the last half year was slightly smaller than in the same period of 1954. The overall deficit on current account amounted to \$89 million in the third quarter

STATEMENT 2. Quarterly Current Account Balances between Canada and the Principal Countries and Areas, 1953-1955

(Millions of dollars)

Country or Area	1953				1954				1955			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
United States	- 243	- 338	- 132	- 191	- 236	- 285	- 57	- 229	- 278	- 288	- 155	- 320
United Kingdom	-	+ 30	+ 44	+ 59	+ 23	+ 30	+ 68	+ 108	+ 82	+ 97	+ 71	+ 91
Other sterling area	+ 29	+ 22	+ 21	+ 11	+ 15	+ 12	+ 6	+ 11	+ 21	+ 12	+ 18	+ 9
All other countries ¹	+ 28	+ 92	+ 52	+ 73	+ 21	+ 48	+ 3	+ 30	+ 1	+ 5	- 23	- 35
All Countries	- 186	- 194	- 15	- 48	- 177	- 195	+ 20	- 80	- 174	- 174	- 89	- 255

1. Including other OEEC Countries.

and \$255 million in the fourth quarter of 1955—a total of \$344 million. This total for the last six months of the year was roughly equivalent to the deficit in the first six months, and quite out of line with experience of the post-war years in which there has normally been a surplus.

Capital inflows for long-term investments were equivalent to the current account deficit in the third quarter of 1955, but were equivalent to less than half the deficit in the fourth quarter. But in addition there were significant inflows of short-term capital taking the form mainly of reductions in private, banking and official holdings of foreign exchange.

There was a continued narrowing of the premium on the Canadian dollar throughout successive

quarters of 1955. The average price of the United States dollar in Canada was 96.59 cents at the end of 1954, rising to 99.91 cents at the end of 1955 (see statement 3). During the final quarter of the year the Canadian dollar was traded at a discount for brief periods for the first time since early 1952.

On average, 1955 exports were 10 per cent and imports 16 per cent above 1954 levels. The price of exports and imports rose almost continuously throughout the year (see statement 5) to levels some 4 per cent and 3 per cent above the fourth quarter of 1954. The trade gap widened by \$221 million, and as a result of increased net payments of interest and dividends, inheritances and migrants' funds and for travel abroad, the non-merchandise deficit rose by \$39 million.

STATEMENT 3. Foreign Exchange Rates: U.S. Dollar in Canada 1954 and 1955

Quotations reported on transactions between banks in the exchange market

(Source: Bank of Canada)

Quarter	1954			1955		
	High	Low	Noon Average	High	Low	Noon Average
	(Canadian cents per unit)					
I	98.19	96.34	97.01	99.06	96.47	97.60
II	98.75	97.66	98.27	98.97	98.19	98.54
III	97.91	96.78	97.14	99.00	98.22	98.58
IV	97.09	96.59	96.90	100.06	98.97	99.81
Year	98.75	96.34	97.32	100.06	96.47	98.63

Closing Quotations: 1954, 96.59375; 1955, 99.90625.

Bilateral Changes

The pattern of Canadian trade underwent further modification in 1955 as the imbalance increased. The deficit with the United States was increased to over \$1 billion, the highest since 1947, and the surplus with the United Kingdom and the rest of the sterling area to some \$400 million, the highest since 1952. In contrast, the surplus with other O.E.E.C. countries which had fallen substantially in 1954, declined \$63 million to a post-war low of \$30 million in 1955. Trade with the rest of the world also continued the trend evinced in the past two years by reversing the 1954 surplus of \$9 million to a deficit of \$82 million. This increase in payments to O.E.E.C. and other countries was almost counterbalanced by the increased receipts from the sterling area. The larger deficit with the United States accounted for the major portion of the total increase in the deficit, and the proportions of Canada's current transactions with the United States rose slightly from the already high levels in the previous year.

The increase in the current account deficit with the United States was entirely related to merchandise trade, as the non-merchandise account showed a slightly smaller deficit in 1955. Exports increased by \$243 million, imports increased by \$480 million, and the deficit in commodities rose by \$237 million. The marked recovery of the economic climate in the United States in 1955 created larger demands for Canadian primary products such as forest products, non-ferrous metals, iron ore, and petroleum, and there was a growing Canadian capacity in many of the basic export industries to meet some of these demands. At the same time, higher levels of investment and consumers' expenditure in Canada resulted in substantially larger imports from the United States in all major categories, particularly construction and industrial machinery and automobiles. While the non-merchandise deficit with the United States declined by only \$3 million in 1955, there were several shifts among the various items. Increased deficits for travel expenditures, and interest and dividend payments, were offset by higher earnings

STATEMENT 4. Summary of Current Account Balances between Canada and the Principal Countries and Areas, 1946-1955

(Millions of dollars)

Country or Area	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	Change in 1955
United States	- 607	- 1,134	- 393	- 601	- 400	- 951	- 849	- 904	- 807	- 1,041	- 234
United Kingdom	+ 500	+ 633	+ 486	+ 446	+ 24	+ 723	+ 388	+ 133	+ 229	+ 341	+ 112
Other sterling area	+ 164	+ 242	+ 129	+ 135	- 23	- 24	+ 114	+ 83	+ 44	+ 60	+ 16
Other OEEC countries	+ 248	+ 276	+ 226	+ 185	+ 108	+ 223	+ 332	+ 173	+ 93	+ 30	- 63
All other countries	+ 58	+ 32	+ 3	+ 12	- 43	+ 12	+ 179	+ 72	+ 9	- 82	- 91
All Countries	+ 363	+ 49	+ 451	+ 177	- 334	- 517	+ 164	- 443	- 432	- 692	- 260

on freight and shipping, and miscellaneous receipts. The major portion of the increase in the latter receipts resulted from higher United States government spending in Canada.

Canada's commodity imports from the United Kingdom increased by only \$14 million in 1955, but exports rose by \$112 million, and the deficit on non-merchandise account fell by \$14 million. As a result, the surplus was \$112 million higher than in the previous year. The inordinate pressure of demand in the United Kingdom for consumption and investment goods, and industrial materials, resulted in increased imports from Canada of a wide variety of commodities, including grains, tobacco, aluminum and other non-ferrous metals, and paper. To some extent this pressure was also responsible for restricting goods available for export from the United Kingdom and its deterrent effect on United Kingdom exports was reinforced by the rail, dock and seamen's strikes in the spring of 1955. The small increase in Canada's imports was mainly in textile fibres and products, electrical apparatus, and aircraft, while imports of machinery and automobiles fell. The declining non-merchandise deficit with the United Kingdom was related primarily to substantially larger net earnings from freight and shipping, offset somewhat by slightly higher payments on account of migrants' remittances, and Canadians travelling abroad. There were also some non-recurring receipts on defence account in 1955.

Larger relative exports of goods and services to other sterling area countries resulted in a \$30 million increase over the 1954 surplus, but larger official contributions, primarily related to Colombo Plan expenditures reduced the gain to \$16 million. The surplus with the United Kingdom and the rest of the sterling area increased by \$128 million to \$401 million, but this is still well below the surplus in 1952 and in the years before 1950.

The surplus with other O.E.E.C. countries was reduced sharply to \$30 million in 1955, the smallest amount in the post-war years even though exports to these countries rose by almost as much as imports in the year. The reduced current surplus was mainly attributable to an enlarged deficit from

transactions other than commodity trade. The enlarged deficit resulted from higher Canadian Government expenditures in Western Europe for defence purposes, larger payments for freight and shipping services, particularly through payments for time charters of vessels and continued growth in Canadian travel to continental Europe. The increase in commodity exports to this group of countries was in industrial materials, as shipments of grains were moderately lower than in 1954 and much less than in the three preceding years.

Transactions with all other countries than those included above resulted in a deficit of \$82 million compared with a surplus of \$9 million in 1954 and surpluses of variable size in earlier post-war years with the exception of 1950. Leading factors bringing about this change were a contraction in exports and an expansion in imports. The drop in exports was mainly concentrated in reduced sales of grains to various countries in Asia and Latin America while leading features of the enlarged imports were larger imports of petroleum and products from Venezuela and the Netherlands Antilles, sharp rises in imports from Japan, and in imports of raw cotton from Mexico.

Changes in the Current Account

Merchandise Trade

The appearance of a substantial import balance on commodity account in 1955 was the leading factor increasing the current deficit, being responsible for more than four-fifths of the increase. And this import balance of \$208 million accounted for some 30% of the deficit. This contrasts with 1954 and other recent years when the current deficit was entirely or chiefly the result of growing deficits from "invisibles".

The underlying factors giving rise to a greater increase in imports than in exports have been referred to above. The increase in the value of imports was some 16% while exports rose by 10%. And the physical volume of both exports and imports was at new peaks in 1955 although the value of exports was about the same as in 1952.

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
1955	117.5	110.5	106.3	118.5	160.3
1954 I.....	115.2	109.2	105.5	96.1	128.3
II.....	116.3	110.3	105.3	110.6	154.0
III.....	115.0	110.3	104.3	110.4	136.4
IV.....	114.5	109.1	104.9	121.0	144.2
1955 I.....	115.5	109.6	105.4	107.1	135.9
II.....	117.7	110.1	106.9	119.4	166.2
III.....	118.0	109.9	107.4	122.8	165.8
IV.....	119.1	112.8	105.6	124.1	172.3

Note: Indexes indicate movements in unadjusted trade data.

This strong growth in exports occurred even though exports of wheat and other grains were less than any year since 1950. The value of exports of all other commodities was at a new level well above any earlier year and almost 15% higher than in 1954, and likewise well above 1952, the previous peak year. It was the unprecedentedly high export of grains in that earlier year that was mainly responsible for the high value of total exports in 1952.

A feature of the growth in exports in 1955 has been the strong demands for industrial materials and the increased Canadian productive capacity for

supplying many of these. The growth which has occurred in Canadian exports in 1955 was greatest in major forest products like lumber and pulp and paper, in non-ferrous metals like aluminum, copper, nickel, and zinc and in other minerals such as iron ore and petroleum which had been undergoing strong expansion. Exports of other new commodities like uranium and some chemical products have also been growing. But on the other hand there have been declines in exports of some manufactured goods both over the longer run and in 1955, and as a group these have not shown the kind of growth appearing in the groups of industrial materials already noted.

STATEMENT 6. Adjustments to Commodity Trade, 1954 and 1955
(Millions of dollars)

Exports	1954	1955	Imports	1954	1955
Domestic exports in trade returns	3,881.3	4,281.8	Imports in trade returns.....	4,093.2	4,712.4
Exports of foreign produce	65.6	69.5			
Total exports.....	3,946.9	4,351.3			
Adjustments:			Adjustments:		
Tourist exports	- 3.0	- 2.8	Tourist imports.....	- 68.8	- 71.4
Settlers' effects	- 17.3	- 21.9	Settlers' effects	- 29.9	- 25.5
Private donations	- 2.7	- 1.5	Advertising	- 7.1	- 7.4
Warehousing.....	+ 5.0	+ 4.2	Warehousing	+ 2.9	+ 9.5
All other adjustments.....	+ 0.2	+ 2.8	All other adjustments	- 74.0	- 77.8
Total adjustments.....	- 17.8	- 19.2	Total adjustments	- 176.9	- 172.6
Merchandise exports (adjusted)	3,929.1	4,332.1	Merchandise imports (adjusted)	3,916.3	4,539.8
(Table I, item A1)			(Table I, item B1)		

More than one half of the increase in exports was to the United States, which country continued to take about 60% of Canadian exports. But there was a greater rate of increase in exports to the United Kingdom, the Rest of the Sterling Area, and Other O.E.E.C. countries. On the other hand declines in exports to other countries including Brazil, Turkey, Israel and Japan were sufficient to reduce the total exports to other countries.

In the case of exports to the United States increases were greatest in the industrial and construction materials such as lumber, pulp and paper, non-ferrous metals, iron ore, primary steel, petroleum, and some chemicals but shipments of agricultural products were lower. With exports to the United Kingdom almost one-half of the increase was in larger shipments of grains. But strong demands for industrial materials in the forest products and metals groups continued to be the basis for the largest part of the total. There were larger exports of industrial materials to the rest of the Sterling Area also which took more automobiles and other manufactured goods as well. The increase in exports to the O.E.E.C. countries was chiefly in industrial materials with a smaller total of grains. Reduced shipments of grains to Latin America and Asia accounted for most of the declines to those areas.

The close links between Canadian imports and prosperity have already been referred to. Relationships between imports and some types of activity like investment have been especially pronounced in recent years. The upturn in Canadian investment which became particularly notable by the middle of 1955 generally coincided with the rise in Canadian imports to new high levels in the second half of the year. Increases in the value of imports over the previous year in the third and fourth quarters of 23% and 28% respectively were exceptionally high. The most direct effects of investment have been on imports of machinery and equipment. But in addition, the high levels of consumption in Canada have also contributed to the growth in imports both directly and indirectly. Imports of finished consumer goods have been higher as well. In addition very widespread increases have occurred in imports of industrial materials for Canadian industry. And imports on defence account continued to be of consequence, although they were less than in preceding years.

The increases in imports in 1955 covered the wide range of commodities entering this branch of trade. Generally substantial gains were distributed among industrial materials, investment goods, and consumer goods. The greatest amount of the increase occurred in imports of metal products which contained machinery and equipment, automobiles and aircraft and parts, electrical goods, and also primary steel and other materials required by industry.

The United States was the source of almost three-quarters of Canadian imports and accounted for the largest part of the increase, with a rate of gain greater than in imports from overseas. The growth in imports from the United States was widely distributed and revealed the general pattern of increases from all countries with somewhat more of the gains being investment types of goods. Imports from the United Kingdom were only slightly higher than in the previous year and were still less than in 1953, as deliveries by that country were retarded by labour disputes. While there were gains in imports from the United Kingdom in commodities like textiles, aircraft, chemicals and electrical apparatus, imports of automobiles and some kinds of machinery and equipment were lower. Imports from the rest of the sterling area were higher than in 1954 but the value was still much less than in 1950 and 1951 when some commodity prices were unusually high. Imports from other O.E.E.C. countries were also moderately higher and imports from Latin America and other countries showed some appreciable rises mainly because of more petroleum and products and raw cotton and a doubling of imports from Japan.

Adjustments to the regularly published statements of commodity trade for balance of payments purposes shown in statement 6 were relatively little changed in the aggregate from 1954. Adjustments on account of defence have been among the more sporadic in recent years but in 1955 were not significantly different in total than in the previous year. The principal adjustments arising from defence activities were deductions from imports of goods on account of foreign governments and credits representing refunds of advance payments for defence equipment made in earlier years.

Fluctuations in prices did not significantly alter the average export and import prices covered in index numbers for the totals of trade in 1955, although there were appreciable changes in some commodities and general rises during the year. Average export prices rose by something over 2% while average import prices rose by about 1%, leading to a slight improvement in the terms of trade shown in statement 5.

New gold production available for export gave rise to net receipts of some \$155 million, virtually the same as in the previous year. Since November 1, 1951 this series has included not only the sale 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 at the Mint in safekeeping for the Mines are excluded. For this and other reasons the series therefore, does not necessarily coincide with the value of gold produced. In 1955 there was an increase in physical production of some 4%.

STATEMENT 7. Principal Elements of Canada's Current Account with All Countries, 1950-1955
(Millions of dollars)

Account	1950	1951	1952	1953	1954	1955	Change in 1955
Exports (adjusted) ¹	3,139	3,950	4,339	4,152	3,929	4,332	+ 403
Imports (adjusted).....	3,129	4,097	3,850	4,210	3,916	4,540	+ 624
Balance on commodity trade	+ 10	- 147	+ 489	- 58	+ 13	- 208	- 221
Gold production available for export	+ 163	+ 150	+ 150	+ 144	+ 155	+ 155	-
Travel expenditures	+ 49	- 6	- 66	- 63	- 84	- 121	- 37
Interest and dividends	- 384	- 335	- 268	- 239	- 276	- 317	- 41
Freight and shipping	- 17	- 3	+ 8	- 56	- 43	- 23	+ 20
Inheritances and migrants' funds	- 4	+ 7	- 9	-	- 5	- 15	- 10
All other current transactions.....	- 151	- 183	- 140	- 171	- 192	- 163	+ 29
Balance on non-merchandise transactions	- 344	- 370	- 325	- 385	- 445	- 484	- 39
Current account balance	- 334	- 517	+ 164	- 443	- 432	- 692	- 260

1. Excluding Canadian Mutual Aid to NATO countries.

Travel Expenditures

The travel account in 1955 continued to show a trend towards a larger deficit which has been typical in recent years. But there was a considerable rise in receipts as well as payments in contrast to 1954 when receipts remained comparatively stable. Increased deficits have occurred in the accounts with both the United States and overseas and in 1955 the deficit of \$121 million was fairly evenly divided between the two accounts.

The change in the structure of Canada's travel account has contributed significantly to the current account deficits which have been generally characteristic of the 1950's. The full sweep of the change is illustrated by the alteration from the peak surplus from this source of \$145 million in 1948 to the latest deficit of \$121 million in 1955. The great change has occurred in Canadian travel expenditures abroad which are now more than three times the level in 1948. Rising prosperity in Canada,

wider ownership of private automobiles, increasing travel facilities overseas, with wider areas accessible, and the absence of restrictions on travel which were a deterrent in the 1940's, are among factors which have served to stimulate this rising trend in Canadian expenditures on travel in the United States and overseas. In contrast the level of non-resident expenditures on travel in Canada have been comparatively stable in this long period and even in 1955 were only moderately higher in value than in 1948. The rise of some 17% in the interval was not far from the general rise in prices. There has, however, been a greater rise in the number of non-resident travellers entering Canada since 1948 than in the value, but changes in travel habits and a tendency to stay for shorter periods have acted to hold down the total value of expenditures. The rise in numbers has been mainly in visitors by automobile, visitors by train were less last year than in 1948, but increases have occurred in numbers of visitors by airplane, bus, and boat.

STATEMENT 8. International Travel Expenditures between Canada and Other Countries, 1948-1955
(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	283	320	- 37	22	69	- 47	305	389	- 84
1955	303	363	- 60	25	86	- 61	328	449	- 121

The increase which developed in 1955 in United States expenditures in Canada was chiefly in expenditures by visitors by automobile and by airplane. The volume of travel by these means was higher and average expenditures were also more than in the previous year. Other groups of travellers were more than maintained in numbers but expenditures were lower. There was also a significant increase in the number of visitors from overseas, but these continued to be only a minor part of the total tourist trade.

Most of the gain in Canadian expenditures abroad in 1955 occurred in the United States, although expenditures overseas continued to rise at a more rapid rate. The biggest part of the increase was due to a larger volume of travel from Canada by automobile as average expenditures were lower for Canadians staying in the United States for more than short periods. Expenditures by other groups did not rise as much as the automobile traffic, apart from those of plane travellers whose expenditures rose even more than the automobile group. Only a small part of the increased outlays by travellers in the United States was for the purchase of merchandise in 1955.

The greatest increases in travel expenditures overseas were in the accounts with the United Kingdom and other European countries which together covered over four-fifths of that part of the gain with a rise of more than 24%. This was the largest single change in travel during the year and continues a rising trend which has been underway for some years.

Income Account

Following the pattern of the 1954 income account, net payments of interest and dividends increased by \$41 million in 1955. This larger deficit resulted from a substantial increase in

payments to the record level of \$477 million, and a smaller increase in receipts which just failed to meet the previous peak set in 1953.

Interest receipts showed a small gain over the 1954 level, reflecting primarily the larger amount of private Canadian holdings of foreign securities. There were also slightly higher income receipts on official Canadian holdings of United States Government securities, although the return remained relatively low, but receipts of interest on government loans were smaller. Buoyant economic conditions throughout a large part of the world were accompanied by a substantial increase in dividend receipts in 1955. This increase was mainly related to larger transfers of earnings by Canadian subsidiaries abroad, and to a smaller extent to income on portfolio investment. These increases were mitigated by a decline in receipts from some utilities operating in South America.

Payments of interest dropped somewhat in 1955, as a consequence of the record repatriation of outstanding Canadian bonds and debentures, and some net retirement. In line with the high level of business activity and profits in 1955 there was a substantial increase in dividend payments. This increase related mainly to earnings of branches and subsidiaries owned in the United States and also to a smaller increase in dividend payments on foreign public holdings.

While some of the increase in dividend payments was due to the profitable operation of some recent new investments, earnings on many of the extensive new investments of recent years continued to be less than the future potential levels. And the payment of dividends by subsidiaries to parent companies abroad continued to be much less than earnings. The amount of earnings retained and reinvested in Canadian subsidiaries appears to have been considerably more in 1955 than in earlier years.

STATEMENT 9. Receipts and Payments of Interest and Dividends between Canada and Other Countries, 1950-1955

(Millions of dollars)

Year	Account with United States					Account with United Kingdom					Account with All Countries ¹				
	Receipts		Payments		Net	Receipts		Payments		Net	Receipts		Payments		Net
	Interest	Dividends	Interest	Dividends		Interest	Dividends	Interest	Dividends		Interest	Dividends	Interest	Dividends	
1950	11	39	90	321	- 361	1	5	15	39	- 48	28	63	109	366	- 384
1951	15	42	95	287	- 325	24	6	15	42	- 27	54	61	114	336	- 335
1952	23	62	96	248	- 259	23	6	15	41	- 27	60	85	115	298	- 268
1953	24	77	101	233	- 233	24	4	16	41	- 29	63	102	121	283	- 239
1954	15	54	108	237	- 276	24	11	17	45	- 27	53	94	130	293	- 276
1955	16	66	104	289	- 311	25	13	17	47	- 26	55	105	127	350	- 317

1. Includes other sterling area, OEEC and all other countries not shown separately.

Freight and Shipping Transactions

The deficit on freight and shipping account in 1955 was less than in either of the two preceding years but contrasts with surpluses up to 1949. The reduced deficit in 1955 was due to a larger increase in receipts than in payments, even though the opposite trend occurred on commodity account. Changes in the freight account were influenced more by changes in the composition and direction of trade than in the global movements. Rises in liner rates on some routes and much higher rates on time and voyage charters also contributed to some parts of the increases in both receipts and payments.

Most of the net change in 1955 was the result of a larger surplus with overseas countries which rose to \$65 million. There were rises in the surplus with each of the United Kingdom, Other Sterling Area, and Other Countries partly offset by a larger deficit with O.E.E.C. countries. Changes in this account with the United States were mainly offsetting, the deficit of \$89 million being only slightly less than in 1954.

The comparative stability in the balance with the United States was due to substantial increases in receipts for inland freight on exports, particularly

in the case of new bulk commodities now increasing in the export trade with that country, and a relatively moderate rise in total payments to the United States on freight and shipping account. Although payments for some elements in that account rose sharply with the general growth in imports, there was stability in the payments on some commodities imported from that country on which freight is relatively high and in payments on account of chartering vessels in the United States.

The enlarged surplus with overseas countries originated from a variety of factors. There were larger receipts from inland freight on Canadian exports overseas, larger expenditures in Canadian ports on account of foreign ships, and a small increase in the net receipts from the shipping business of Canadian operators. These sources of larger net receipts were partly offset by a growth in payments by Canadian importers to overseas countries for carrying Canadian imports. A gain in net receipts by Canadian shipping operators was due to rises in receipts on exports carried by vessels operated for the account of Canadians and from interport revenues abroad. These receipts rose more than the rise in charter payments by Canadian operators and in other expenditures overseas by Canadian shipping operators.

STATEMENT 10. Freight and Shipping Transactions between Canada and Other Countries, 1950-1955
(Millions of dollars)

Item	1950	1951	1952	1953	1954	1955
Receipts by Canada						
Ocean Shipping:						
Canadian operated ships:						
Gross earnings on exports.....	48	54	56	58	61	76
Charter receipts	6	12	13	7	3	6
Revenues between foreign ports.....	16	34	33	17	18	25
Sub-Total	70	100	102	82	82	107
Expenditures of foreign ships in Canada	38	40	43	41	35	42
Gross Shipping Receipts	108	140	145	123	117	149
Inland freight on exports	142	177	201	161	159	185
Intransit revenues	28	28	29	29	29	30
Other receipts	6	6	8	5	8	21
Gross Receipts (Table I, item A6).....	284	351	383	318	313	385
Payments by Canada						
Ocean Shipping:						
Expenditures abroad of Canadian shipping companies	20	33	64	60	67	87
Charter payments	18	27				
Freight on imports via Canadian ports	66	76	71	75	66	73
Gross Shipping Payments	104	136	135	135	133	160
Inland Rail Freight in U.S. on Imports:						
Coal via vessel	53	49	48	48	39	40
Coal via rail	40	38	33	26	22	20
Other rail freight.....	80	97	117	121	112	126
Sub-Total	173	184	198	195	173	186
Miscellaneous Payments	24	34	42	44	50	62
Gross Payments (Table I, item B6).....	301	354	375	374	356	408

Inheritances and Migrants' Funds

The deficit on net transfers of inheritances and migrants' funds was increased to \$15 million in 1955; this was the largest deficit in several years, and it resulted from an increase in payments of \$7 million, and a decrease in receipts of \$3 million.

As the rate of immigration from overseas countries fell off sharply in 1955, receipts of inheritances and migrants' funds continued the decline which began in 1954. The export of migrants' funds increased primarily as a result of higher average transfers per emigrant.

Miscellaneous Current Transactions

Both receipts and payments for miscellaneous current transactions reached new peaks in 1955, but as receipts increased by \$95 million and payments by only \$66 million, the deficit fell by \$29 million. The post-war pattern of this account has shown a growing and substantial deficit, and this is the first year since 1952 that the deficit has been reduced.

The major factor effecting this decline was a significant increase in receipts on government account. After small declines in 1954, government receipts and payments rose again in 1955, but whereas payments rose by some \$20 million, receipts increased by \$77 million. A substantially higher level of spending by the United States Government for defence installations in Canada was mainly responsible for the increase in receipts. The increase in payments was related to larger expenditures by Canada on defence commitments in Europe, arising from membership in N.A.T.O. In addition, there was an increase in economic assistance to underdeveloped areas through larger Canadian expenditures for this purpose, primarily financed by Canada's contribution to the Colombo Plan.

Personal and institutional remittance to Canada remained relatively unchanged in 1955, while remittances from Canada continued their steady increase. In the past seven years, more than one million immigrants have come to this country, and much of the growth of these remittances reflects this increase in the number of new Canadians, with family ties and responsibilities overseas.

The pattern in recent years of deficits on the miscellaneous income account was broken in 1955, as receipts increased to the level of payments. The increase in receipts was primarily associated with larger profit remittances from foreign branches of Canadian financial institutions. The smaller increase in payments similarly reflected remittances of Canadian branches to foreign head offices. In addition, Canadian branches and subsidiaries make substantial interest payments on loans and advances from foreign parent companies. Although a large portion of the outstanding advances carries no interest charges, increased foreign direct investment in Canada has resulted in a higher burden of this type of interest payments as well as the income payments covered in the interest and dividends account.

In much the same way the large recurring deficit in business services is partly a reflection of foreign participation in Canadian industry. Payments for business services include such items as management and engineering fees, royalties, film rentals, and insurance premiums and claims. There are also expenditures outside Canada by the air, rail, and road transportation industry apart from those covered in the freight and shipping account. Canadian receipts for business services are of a much smaller order but include similar types of items. The importance of business services in the miscellaneous account may be illustrated by the fact that over the past six years the total deficit on miscellaneous account moved between \$140 million and \$192 million and the deficit on business services alone has constituted between \$130 million and \$165 million of this deficit.

STATEMENT 11. Miscellaneous Current Transactions with All Countries, 1954 and 1955

(Millions of dollars)

Item	1954		1955		
	Receipts	Payments	Receipts	Payments	Balance
Official contributions	—	11	—	24	- 24
Government transactions, n.o.p.	118	112	195	132	+ 63
Personal and institutional remittances	22	65	22	71	- 49
Miscellaneous income ¹	33	37	40	40	—
Business services and other transactions	125	265	136	289	- 153
Total (Table 1, items A11 and B9, 11)	298	490	393	556	- 163

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

Capital Movements

The year 1955 not only saw Canada's current account deficit reach new levels, but it also saw marked changes in the capital movements which financed this enlarged deficit. While it is not possible to classify movements of capital as long or short-term, the general character of the movements may be indicated by the long or short-term form of the capital and by knowledge of the situations existing in the period in which the movements occurred. Net inflows of capital in long-term forms include direct investments, portfolio security transactions, official loan transactions, and the other long-term transactions in the category "other capital movements" of which details appear in statement 15. These inflows amounted successively to \$618 million, \$579 million and \$397 million in the years 1953 to 1955, compared with deficits on current account of \$443 million, \$432 million, and \$692 million respectively. The decline in 1955 in the net import of capital in long-term forms is virtually all the result of a change in the balance of all portfolio security transactions which is the subject of later comment. Other types of capital movement which served to finance the current account deficit in 1955 included a sharp growth in holdings by non-residents of Canadian dollars, a moderate reduction in official holdings of gold and foreign exchange which contrasted with the growth in 1954, a considerable reduction in private holdings of foreign exchange by Canadians, and changes in international commercial receivables and payables. The temporary bridging of the gaps between current account balances — whether surplus or deficit — and long-term capital flows is one of the normal functions of short-term capital movements in the balance of payments. During 1955, a part of the excess of predominantly long-term inflows over Canada's current physical needs in earlier years was used by the Canadian economy to obtain additional physical resources from outside Canada.

The net inflow of capital of all types from the United States in 1955 was \$405 million which compared with \$277 million in 1954. This movement was the largest since 1951. The biggest change in 1955 was in movements of official holdings of gold and United States dollars. The net movement from the United Kingdom of \$218 million was almost twice the figure for 1954 and was the largest recorded in the post war period. It should be noted, however, that a substantial part of this movement represented the drawing down in 1955 of sterling balances previously acquired by Canadians. The inflow from other overseas countries amounted to \$69 million and as in the case of the United States and of the United Kingdom was higher than in recent years.

Direct Investment in Canada

The net movement of capital to Canada for direct investment in foreign-controlled enterprises amounted to \$410 million in 1955. This level was

somewhat above the revised estimate of \$392 million for 1954 but below the record figure of \$426 million established in the preceding year. The persistence of these net inflows at an average annual rate in excess of \$400 million for the past three years following a year by year growth from one-tenth of that amount in 1946, has been a striking feature of the Canadian balance of international payments in the post-war period. The net import of direct investment capital in the ten year period has amounted to nearly \$2,400 million, and the overall growth of foreign direct investment in Canada, which also reflects the undistributed earnings accruing to non-residents and some other transactions, has been of the order of \$5,000 million.

The tremendous growth of foreign investment in Canada is heavily concentrated in particular sectors of the Canadian economy in some of which it plays a dominant role. The Bureau has recently published a new study in which this subject is reviewed in considerable detail¹. The recent growth may be attributed to the rapid pace of Canadian expansion and development, with consequent demands for extraordinarily large amounts of capital. In some industries foreign capital enjoys special advantages as a result of the technology and marketing connections which are made available with it. The growing importance of foreign-controlled companies has many implications some of which are discussed in the new report.

The influence of these capital inflows pervades practically every classification of transactions used in statements of the balance of payments. Many of the new projects have major current or future effects on Canada's commodity trade — both imports and exports — and, of course, the servicing of the investments will almost certainly lead to new debits in the future. The foreign investments are, moreover, one of the causes of the strong demands felt in almost every sector of the economy, and are thus among the factors contributing to the growing imports of goods and services from other countries associated with buoyant and prosperous conditions in Canada. It is, of course, the case that these inflows which have been among the generators of rapid Canadian expansion have served to finance the current account deficits to which they contributed. They have indeed been a source of great strength in the value of the Canadian dollar on the world's exchange markets.

United States capital accounted for \$306 million, or about three-quarters of the net movement. This was about the same proportion as in 1954 when the net inflow from the United States was \$288 million, but it was somewhat lower than in previous years. Inflows from the United Kingdom totalled \$66 million compared with \$75 million in 1954, while the movement from other overseas countries reached \$38 million in 1955, representing an increase of \$9 million over the previous year.

1. Canada's International Investment Position 1926-1954.

STATEMENT 12. United States Direct Investment in Canada, 1946-1955

(Millions of dollars)

Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955 ²	1946-1955
Gross inflows of new capital:											
Petroleum industry (exploration, development, refining, transportation, and merchandising...)	2	12	23	59	116	140	178	172	187	192	1,081
Mining n.i.e.	—	2	5	10	30	37	98	104	66	69	421
Pulp and paper	20	11	14	3	9	31	7	1	23	32	151
Manufacturing n.i.e.							71	52	41	67	
Utilities n.i.e.							2	6	2	2	
Merchandising n.i.e.	41	41	37	42	88	101	5	31	9	18	727
Financial							1	13	15	17	
Miscellaneous							2	4	7	12	
Sub-total	63	66	79	114	243	309	364	383	350	409	2,380
Return of capital:.....	25	8	18	30	43	39	45	37	62	103	410
Net capital inflow for direct investment (Table I, item D1)	38	58	61	84	200	270	319	346	288	306	1,970
Net other identified capital movements affecting the investment of United States residents in United States-controlled enterprises ¹	- 43	- 35	20	17	17	34	129	- 2	28	45	210
Net capital inflow	- 5	23	81	101	217	304	448	344	316	351	2,180
Retention of profits and other factors including revaluations, reclassifications, and similar accounting adjustments	129	97	178	187	114	166	188 ³	330	218 ²	509 ^{3,4}	2,116
Net increase in book value (Table IXB)	124	120	259	288	331	470	636	674	534²	860⁴	4,296

1. New issues, retirements, borrowing, investment abroad, etc., affecting the total value of investment in Canada by United States residents in United States controlled enterprises; also includes classification adjustments in respect of direct investment transactions representing significant investment in non-United States controlled enterprises.

2. Preliminary.

3. This figure is affected by unusually large reclassifications between direct and portfolio investments and by possible revisions of the 1954 totals.

4. 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.

Detail of the movements of capital for United States direct investment in Canada over the past decade appears in statement 12, which also indicates the other factors contributing to the growth in the book value of these investments. Preliminary data for 1955 reflect gross inflows to the petroleum industry as a whole of \$192 million, slightly more than in 1954 to set a new record. The inflow to mining companies (other than those engaged primarily in petroleum, exploration and development) amounted to \$69 million, slightly above the figure for 1954 but well below the totals for the two previous years. Gross inflows to the petroleum industry and mining accounted for somewhat less than two-thirds of the gross direct investment inflows from the United States in 1955, but if account is taken of repatriation, the proportion of net direct investment inflows covered in these areas was about 85 per cent. The gross inflow to the pulp and paper industry was of the order of \$32 million, and to manufacturing, other than petroleum refining and pulp and paper companies, \$67 million, but these inflows were in each case offset by larger than usual repatriations and the net inflows for direct investment were smaller than in 1954. Gross inflows for other types of United States direct investment totalled \$49 million. The gross movement inwards totalled \$409 million —

the highest on record — but there were outflows from Canada representing the return of capital in the amount of \$103 million, leaving net direct investment inflows of \$306 million. Other capital movements are estimated to have added an additional \$45 million to United States investment in controlled enterprises in Canada. The total movement of \$351 million was some 10 per cent higher than in 1954 and was exceeded only in 1952. The book value of United States direct investment in Canada at the end of 1955 is provisionally estimated at \$6,600 million. The increase of \$860 million over the estimate for the end of 1954 is thus some \$509 million higher than the estimated capital inflow. While this figure includes undistributed profits accruing to non-resident owners, it also reflects some larger than usual reclassifications from the portfolio to the direct investment sector, and it may be affected by possible revisions in the data for 1954 and 1955 neither of which are yet complete.

During the ten years since the end of 1945, the gross direct investment inflows from the United States have totalled \$2.4 billion, of which \$1.1 billion represented inflows to the petroleum industry and \$0.4 billion to mining companies. Some \$0.4 billion of capital was returned to the United States

but there were other inward capital movements of \$0.2 billion. These net movements added \$2.2 billion to the book value of United States direct investments in Canada. All other factors, mainly undistributed profits, added a further \$2.1 billion.

The net flow of direct investment funds from the United Kingdom during 1955 totalled \$66 million, some \$9 million below the revised total for 1954. The petroleum industry and mining companies received about four-tenths of the net flow, manufacturing companies other than refiners about four-tenths, and the balance went mainly to financial companies and merchandisers.

Movements of direct investment capital from other overseas countries totalled \$38 million, \$9 million higher than in 1954 and slightly above the previous post-war record set in 1953. The capital was mainly of Western European origin. About one-third of the net inflow went to the petroleum industry and about one-half to manufacturers other than refining companies.

Direct Investment Abroad

The net outflow of capital for direct investment in Canadian enterprises abroad totalled \$67 million in 1955, some \$14 million below the post-war record established in 1954. The largest part of the total was to finance expansion of Canadian

manufacturing enterprises, mainly in the United States. There were also significant outflows of capital for the acquisition of interests in the United States in the merchandising field, and for petroleum exploration and development in the United States and elsewhere.

Trade in Outstanding Canadian Securities

Trade in outstanding Canadian securities led to a net capital outflow of \$17 million in 1955. This figure may be compared with the net inflow of \$63 million which occurred in 1954 and which succeeded two years of net outflows aggregating \$125 million. The net capital outflow from Canada arising from all Canadian portfolio security transactions in 1955 was larger than the balance on account of trade in outstanding issues. New issues led to a net inflow of \$166 million, but there were retirements leading to a capital outflow of \$184 million. The net outflow from all Canadian security transactions in 1955 was \$35 million, in contrast to an inflow of \$191 million in 1954. There were net inflows in each earlier post-war year since 1949.

The volume of trading in outstanding securities soared to new heights. Turnover exceeded \$1,800 million, surpassing by more than one-half the record established in 1954. As has been true each year since 1950, Canadians repurchased bonds

STATEMENT 13. Transactions in Canadian Securities between Canada and Other Countries, 1955

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	- 69	+ 5	- 54	- 118
Government of Canada, guaranteed	- 22	-	- 46	- 68
Provincial government (including guaranteed)	- 59	+ 3	- 19	- 75
Municipal government	- 6	+ 44	- 19	+ 19
Railways, not guaranteed by Government	-	-	- 3	- 3
Other corporations	- 9	+ 48	- 37	+ 2
Sub-total: Bonds and Debentures	- 165	+100	- 178	- 243
Common and Preference Stocks	+148	+ 66	- 6	+208
Total (Table I, items D3, 4, 5)	- 17	+166	- 184	- 35
By Country				
United States	- 62	+127	- 169	- 104
United Kingdom	+ 26	+ 15	- 11	+ 30
Other Sterling Area Countries	-	-	-	-
Other O.E.E.C. Countries	+ 21	+ 21	- 3	+ 39
Other Countries	- 2	+ 3	- 1	-
Total (Table I, items D3, 4, 5)	- 17	+166	- 184	- 35
By Quarter				
First quarter	- 31	+109	- 85	- 7
Second quarter	+ 7	+ 29	- 62	- 26
Third quarter	- 21	+ 16	- 18	- 23
Fourth quarter	+ 28	+ 12	- 19	+ 21
Total (Table I, items D3, 4, 5)	- 17	+166	- 184	- 35

of Canadian debtors but sold stocks of Canadian corporations. But during the year, Canadians sold to non-residents, on balance, \$148 million of outstanding Canadian common and preference stocks, thus substantially exceeding the record net sale of \$129 million set in the preceding year. Repatriation of Canadian bonds and debentures amounted to \$165 million comparing with only \$66 million in 1954, and almost reaching the record level set in 1952 when strength in the balance of payments set off a sharp climb of the Canadian dollar to its highest value in history.

The general pattern of trading over 1955, reviewed on a quarterly basis, was somewhat more complex than in 1954 when it could be simply described as increasing volume and increasing disparity between the balances on account of transactions in Canadian stocks and in Canadian bonds and debentures. Turnover continued to increase until it exceeded \$500 million in the third quarter of 1955, after growing from less than \$140 million in the third quarter of 1953. But in the final quarter of 1955, reduced trading of both bonds and stocks reduced the turnover to less than \$400 million, or below the levels of the preceding three quarters. Repatriation of Canadian bonds and debentures reached a record level of \$83 million in the first quarter of the year, but declined in the second and third quarters. A sales balance appeared for the first time in 1955 in September, and for the final quarter of the year there were net sales of \$15 million.

Net sales of Canadian common and preference stocks which had amounted to some \$47 million in the fourth quarter of 1954 continued at a rate of between \$50 million and \$60 million in the first and second quarters of 1955, but then declined by about half in the third and by about three-quarters in the final quarter of the year. In the fourth quarter of 1954 the net capital movement as a result of trade in all outstanding Canadian securities, had been an inflow of \$18 million. This was succeeded by an outflow of \$31 million in the first quarter of 1955 as repatriation of bonds and debentures reached unprecedented levels. As the rate of repatriation contracted in the next quarter, a capital import of \$7 million occurred. In the third quarter, the net sale abroad of Canadian stocks fell, as has been noted, and a capital outflow of \$21 million occurred from trading in all Canadian securities. In the fourth quarter of 1955, for the first time since early 1951, the capital movements from trading in Canadian bonds and debentures were in the same direction as those in Canadian stocks, and despite a further decline in net sales of stocks, there was a capital inflow of \$28 million.

The trade between Canada and the United States led to a net capital outflow of \$62 million in 1955. Transactions in 1954 were virtually in balance, but there were larger outflows in both 1952 and 1953 than in 1955. A striking increase

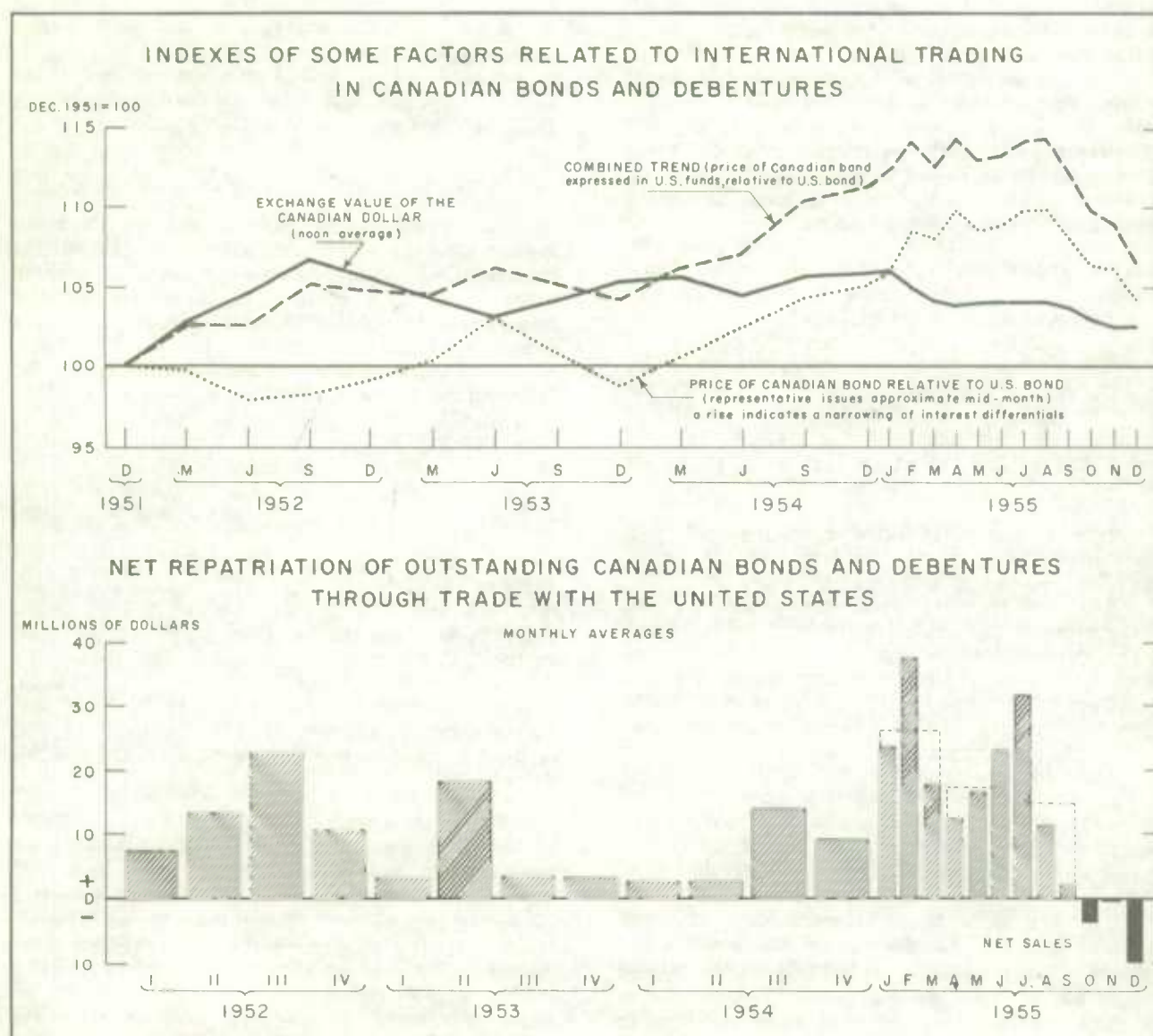
occurred in 1955 in repatriation from the United States of outstanding issues of Canadian bonds and debentures. The net movement totalled \$159 million compared with \$87 million in 1954, and was only slightly surpassed by the repatriation in 1952. The largest part of the movement, amounting to \$61 million, was in Government of Canada direct issues. It is believed that more than two-thirds of this was in issues payable in United States currency whereas in 1954 only about a quarter of the much smaller total of \$36 million was in those issues. This division of the trading is of significance because the investor's primary exchange risk lies with the foreign investor in the case of Canadian dollar issues but with the Canadian holder in the case of issues payable solely in foreign currencies. Net repatriation in 1955 of provincial issues was only slightly smaller than in the case of Government of Canada direct issues. Market comment on the trading of these bonds suggests that increased repatriation of issues payable optionally or solely in foreign currencies may have played a significant part in the increase of the net movement from the figure of \$33 million recorded in 1954. The next largest group of net repurchases was of Government of Canada guaranteed issues although the figure of \$21 million was well below the total of \$32 million for 1954. Unlike 1954, net repatriation resulted from trade in both Canadian municipal and corporation bonds in 1955. The trade in outstanding Canadian bonds and debentures was no doubt influenced in part by the narrowing of the margin between interest rates in Canada and the United States and by the declining premium on the Canadian dollar in terms of United States currency.

Interrelationships between the exchange rate, the differential in interest rates in Canada and the United States, and trade between the two countries of outstanding Canadian bonds and debentures, are indicated in the accompanying chart. Indexes are shown for the exchange value of the Canadian dollar, for the price in Canadian dollars of a representative Canadian Government long-term bond (2 $\frac{3}{4}$ /68) relative to the price in United States dollars of a roughly comparable United States Treasury issue (2 $\frac{1}{2}$ /68), and for a combination of the 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. Developments in the years from 1952 to 1954 were discussed in detail in the preceding report in this series. As has been shown in statement 3, during 1955 the price of the United States dollar in Canada rose from 96.59 cents to 99.91 cents. Most of the change occurred in the first and final quarters of the year. The noon average price of the United States dollar in Canada in the final quarter of 1954 had been 96.90 cents, and it rose

in successive quarters of 1955 to 97.60 cents, 98.54 cents, 98.58 cents, and 99.81 cents. Interest rates in both Canada and the United States rose over 1955 as a whole. The differential between yields in mid-December 1955 on the representative issues mentioned in the preceding paragraph was 56 base points (3.42 per cent for the Canadian versus 2.86 per cent for the United States issue) compared with 43 base points a year earlier. But on three occasions during the year, April, July, and August, the mid-month differential was 5 base points or less. These developments are shown on the upper portion of the chart, and the interrelationship with net trade of outstanding Canadian bonds and debentures between Canada and the United States shown in the lower section is evident. It should again be recorded, however, that while the series shown 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 carrying conversion or stock purchase privileges to which special considerations may apply. Moreover, repatriation of outstanding Canadian bonds and debentures owned in the United States is limited by the amount of these holdings available. The United States portfolio of Canadian Government bonds and debentures payable in Canadian dollars, holdings which might be particularly responsive to the factors indicated in the chart, has been greatly reduced in recent years. Analysis of the foreign portfolio of Canadian bonds and debentures classified by currency of payment will be found in a later section of this report.



While Canadians were repatriating outstanding Canadian bonds and debentures from the United States at a near record rate, they were selling outstanding Canadian stocks on an unprecedented scale. The net capital inflow from the trade in Canadian common and preference stocks with the United States amounted to \$97 million in 1955, which followed inflows of \$87 million in 1954 and \$6 million in 1953. On balance, a very substantial part of the net sales since mid-1954 reflects the transactions of seven investment funds established as Canadian diversified management investment companies following a change in United States administration arrangements which facilitated their formation. These funds provide important advantages to United States investors under the tax structure in effect in that country. As their essential characteristic is United States portfolio investment in Canada, notwithstanding the legal status of the funds as Canadian corporations, they are treated as representing United States portfolio investors, and their transactions with Canadians are included in statistics of international security trading. By the end of 1955, the aggregate investment in Canada of these funds exceeded \$200 million. Part of these investments had been acquired by merger, however, while a part of the value represented market appreciation of the portfolios, and another part represented holdings of Canadian dollars in the form of bank balances, treasury bills, and short-term notes.

For the third successive year since 1937, Canada had a sales balance from trade in outstanding Canadian securities with the United Kingdom, and the net capital inflow of \$26 million fell just short of the balance for 1953. Canadian equities continued to play a growing role in the net sales to United Kingdom residents. Net sales of Canadian common and preference stocks reached nearly \$28 million, about as high a figure as for the two previous years combined.

Transactions with other countries led to a net capital inflow of \$19 million. The net inflow was exceeded in only three earlier years, 1951, 1953, and 1954; in the latter year the employment in Government of Canada obligations of funds raised in the Canadian capital market by an international institution accounted for more than one-half of the record net inflow of \$42 million. Sales of outstanding Canadian common and preference stocks to overseas countries other than the United Kingdom accounted for a net import of \$23 million of capital in 1955. This was only \$4 million below the record of nearly \$27 million established in 1951. There was some repatriation of Canadian funded debt owned abroad, amounting to about \$4 million.

The net sales to all non-residents of outstanding Canadian stocks represented about 4 per cent of the quoted value of listings on the principal exchanges in Canada in both 1954 and 1955, but the significance of this figure is limited because by no means all of the issues listed are "in the market". Gross sales to non-residents, although

some 80 per cent higher than in 1954, continued to account for nearly one-fifth of the value of transactions on the exchanges. Taking into account new issues and retirements, non-resident acquisitions of Canadian stocks during the year amounted to \$208 million compared with net new issues of Canadian stocks during the year recently estimated by the Bank of Canada to total some \$440 million. During 1954, non-residents acquired on balance \$140 million of Canadian stocks and the net new issues by Canadian companies during the year were \$172 million. The increasing role played on balance by Canadian investors in the new equity financing of Canadian corporations through public issues of stock in 1955 may have been influenced by important new issues offered to shareholders by seasoned Canadian companies in which Canadian holdings were already large; some of these issues were not registered with Securities and Exchange Commission in the United States and were consequently not offered to shareholders resident in that country.

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, 1955, and Review of Security Trading during 1955".

New Issues and Retirements of Canadian Securities

The proceeds of new issues of Canadian securities sold abroad amounted to \$166 million compared with \$331 million in 1954. Details of these transactions in 1955 will be found in statement 13. Sales of bonds totalled \$100 million, a reduction of \$212 million from the level in 1954, but new issues of stocks rose \$47 million to total \$66 million in 1955. The bonds sold in 1955 included \$55 million payable in Canadian dollars only and \$45 million payable optionally or solely in foreign currencies. In 1954 the Canadian dollar issues had accounted for \$67 million of the total and the foreign currency issues for \$245 million.

These movements were influenced by the changes in interest rate differentials to which reference has already been made. Reflecting not only the increase in the interest rate differential in the latter part of the year but also the smaller discount on the United States dollar in Canada, negotiations were completed late in the year with United States underwriters for the sale in that country in 1956 of new issues of several Canadian debtors.

Nearly two-thirds of the sales in 1955 occurred in the first quarter of the year when there were several municipal issues floated on the New York market as well as participation by foreign investors in issues of corporate bonds payable in Canadian dollars and floated in Canada. Also important were subscriptions from non-resident shareholders to new issues of industrial and bank stocks. Sales to United States investors accounted for three-quarters of all new issues sold abroad, in contrast to 1954 when they accounted for more than 90 per cent.

Retirements of Canadian securities held by non-residents amounted to \$184 million during 1955, compared with \$203 million in 1954. A negotiated repurchase by the Government of Canada of Canadian bonds and the maturing in non-resident hands of substantial holdings of Government guaranteed bonds accounted for more than one-half of the total. More than 90 per cent of the bonds retired were payable optionally or solely in foreign currencies and more than 90 per cent were owned in the United States. The retirements were concentrated in the first and second quarters of the year.

Transactions in Foreign Securities

Canadians continued, on balance, to dispose of foreign securities through sales abroad of outstanding issues. The net capital inflow for the year as a whole amounted to \$16 million compared with \$7 million in 1954. There were inflows in each quarter of 1955 except the second. Thus the trend towards liquidation by Canadians of holdings of foreign securities, which has been typical of most of the war and post-war period, was re-established

in 1955. In the preceding year, net purchases of foreign securities by Canadians had occurred in the last two quarters. The exceptional purchase balance recorded in the second quarter of 1955 was entirely the result of marked interest by Canadian investors in the securities of certain United Kingdom companies.

Transactions with the United States led to an inflow of \$28 million which in the post-war period was surpassed only in 1950 when exchange rate considerations led to very heavy repatriations. On balance, this trade in 1955 reflected the sale by Canadians of United States stocks. But significant interest developed among Canadian investors during the second quarter of the year in the stocks of some United Kingdom corporations and as a result there were net outflows to that country on account of trade in outstanding securities amounting to \$10 million for the year as a whole. Market comment indicates that the issues attracting considerable attention included stocks of pulp and paper, chemicals, textiles, automobiles, aircraft and newspaper companies.

STATEMENT 14. Transactions in Foreign Securities between Canada and Other Countries, 1955

A minus sign indicates an outflow of capital from Canada

(Millions of dollars)

Account	Trade in Outstanding Foreign Securities	Proceeds of New Issues of Foreign Securities	Retirements	Total
Foreign Bonds.....	- 1	- 42	+ 15	- 28
Foreign Common and Preference Stocks	+ 17	- 6	+ 2	+ 13
Total (Table I, items D6,7,8)	+ 16	- 48	+ 17	- 15
By Country				
United States.....	+ 28	- 8	+ 2	+ 22
United Kingdom	- 10	- 2	—	- 12
Other Sterling Area.....	—	- 19	—	- 19
Other O.E.E.C. Countries	- 2	—	—	- 2
Other Countries	—	- 19	+ 15	- 4
Total (Table I, items D6,7,8)	+ 16	- 48	+ 17	- 15
By Quarter				
First quarter.....	+ 12	- 5	+ 3	+ 10
Second quarter	- 8	- 17	—	- 25
Third quarter	+ 4	- 4	+ 14	+ 14
Fourth quarter	+ 8	- 22	—	- 14
Total (Table I, items D6,7,8)	+ 16	- 48	+ 17	- 15

Purchases by Canadians of new issues of foreign securities represented a capital outflow of \$43 million. Included were a number of new issues floated in the Canadian market. The two largest borrowers were the International Bank for Reconstruction and Development and the Commonwealth of Australia. Other new issues in Canada included the sale of debentures by a corporation organized under Canadian law for the purpose of carrying on business entirely outside Canada, and an issue placed with Canadian underwriters by a United States corporation. Among other purchases made by Canadians were those of shareholders of foreign companies which offered subscription privileges to their shareholders. Retirements totalling \$17 million were dominated by the call in advance of maturity of an issue floated in Canada several years ago by the International Bank for Reconstruction and Development.

Loans by Government of Canada

Repayments on war and post-war loans made by Canada to overseas countries totalled \$69 million in 1955, compared with \$72 million in 1954. The United Kingdom repaid \$45 million on the loans of 1942 and 1946, and there were also receipts from Belgium, Czechoslovakia, France, Indonesia, the Netherlands and the U.S.S.R. aggregating \$24 million¹. A further \$34 million was received by way of interest on the loans and is included as investment income in the current account.

In the six years since the end of 1949, Canada's outstanding loans to other governments have been reduced from \$2,000 million to \$1,635 million. The most important debtor is the United Kingdom which accounted for \$1,202 million of the total debt. Post-war loans outstanding to other governments under Part II of the Export Credits Insurance Act amounted to \$395 million, and agreed payments of principal due in 1955 were met on \$345 million of these loans. Other loans outstanding at the year-end amounted to about \$38 million and included \$31 million of inactive loans made after the war of 1914-18.

Change in Canadian Dollar Holdings of Foreigners

The increase in 1955 in holdings of Canadian dollars by non-residents represented a capital inflow of \$89 million. This was the largest annual change in any post-war year except 1950 and 1951 when exchange rate expectations led to an extraordinarily large inflow and subsequent reflux. Three-quarters of the increase was for the account of United States residents and the balance was about equally divided between residents of the sterling area and of other overseas countries. A significant part of the increase in United States holdings represented short-term holdings by investment funds awaiting suitable investment opportunities. Total holdings at the year-end amounted to about \$435 million. These included about \$45 mil-

lion of Canadian treasury bills and about \$390 million of claims in Canadian dollars on Canadian banks and other depositories.

Change in Official Holdings of Gold and Foreign Exchange

In the course of the operations of the Exchange Fund Account and the other international transactions of the Government during the year, the authorities reduced official holdings of gold and foreign exchange by \$44 million. A capital inflow of \$71 million occurred from the reduction of these holdings during the first quarter of the year, and there were outflows of \$56 million and \$7 million in the second and third quarters of the year, followed by a capital inflow of \$36 million in the final quarter. Some \$2 million of the inflow for the year as a whole covered holdings of sterling, and the balance holdings of gold and United States dollars which fell, in terms of United States dollars, from \$1,943 million at the end of 1954 to \$1,901 million at the end of 1955. A month-end low point of \$1,840 million was recorded in February and in July the holdings reached a month-end peak of \$1,938 million, only slightly below the record holdings with which the year began. The largest change, a reduction of \$94 million, occurred in February. The Minister of Finance revealed that part of the amount had been used for the purchase of \$50 million of Canadian bonds held in the United States and payable in United States currency. Holdings of sterling are limited to working balance and were of the order of \$9 million at the end of 1955.

Other Capital Movements

On balance all other capital movements served to finance \$197 million equivalent to more than one quarter of Canada's current account deficit in 1955. Some of the significant components are indicated in statement 15 which also gives revised statistics for 1954 and corresponding figures for four preceding years. A detailed description of these items and of some of the factors influencing them appeared on pages 21 and 22 of the report for 1954 and is not repeated here. The net inflow in 1955 reduced the cumulative outflow from this group of movements since the end of 1949 from \$386 million to \$189 million. This latter figure covering a six year period reflects net long-term inflows, other than those arising from direct investment, security transactions, and official government loans, in the amount of \$95 million, and borrowings by Canadian finance companies of \$88 million. Outflows included a reduction of \$50 million in short-term Canadian dollar holdings of the International Bank for Reconstruction and Development (which may be regarded as the implementation of Canada's long-term subscription to this institution), and an increase of \$192 million in bank balances and other

1. The repayment of \$3 million by Indonesia represented the final instalment on a loan in excess of \$15 million.

STATEMENT 15. Estimated Composition of "Other Capital Movements" 1950-1955

A minus sign indicates an outflow of capital from Canada

(Millions of dollars)

	1950	1951	1952	1953	1954	1955 ¹	Total 1950-1955
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	29	35	28
Short-term Canadian dollar holdings of International Bank for Reconstruction and Development	- 5	- 4	- 1	- 18	- 13	- 9	- 50
Bank balances and other short-term funds abroad (excluding official reserves) ²	11	- 14	- 168	- 79	- 75	133	- 192
Borrowings by Canadian finance companies	-	-	35	19	11	23	88
All other transactions including changes in loans and accounts receivable and payable ³	209	118	- 375	- 117	20	15	- 130
Total (Table I, items D15 and D17)	210	128	- 511	- 185	- 28	197	- 189

1. Preliminary estimate.

2. Estimated partly from United States and other Non-Canadian sources, as Canadian data do not cover all holdings; includes in 1950 use of loan proceeds set aside in 1949 (+ 18).

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

short-term funds abroad (excluding official holdings of gold and foreign exchange) some part of which must be regarded as a long-term increase in necessary working capital abroad. All other transactions including changes in loans and accounts receivable and payable, and the balancing item representing the difference between direct measurements of the current and capital accounts, amounted to a net outflow of \$130 million over the six year period. Most of this movement occurred prior to 1954 and has been discussed in earlier reports.

About two-thirds of the balance from these transactions during 1955 represented the net drawing down of Canadian-owned bank balances and other short-term funds abroad. The quarterly estimates shown in Table IV indicate that there was an outflow of \$16 million on account of all "other capital movements" in the first quarter of 1955, followed by successive quarterly inflows of \$122 million, \$1 million, and \$90 million over the balance of the year.

Reflected among the figures for changes in bank balances and other short term funds abroad is one type of capital movement which occurred during the year and which is of special interest as an indication of the revival of a functioning international money market, although the net effects over the year as a whole were not large. In the latter part of 1954, yields on Canadian treasury bills fell while those on United Kingdom issues increased. At the same time, there was a significant premium on forward sterling. During December,

these factors combined to provide opportunity for Canadians to place funds in London on a 90-day swap basis to yield a return of better than 2½ per cent per annum in contrast to the yield of slightly over 1 per cent on Canadian treasury bills. Interest arbitrage of this character is estimated to have amounted to \$23 million in December 1954, apart from the employment of funds by the banking system.

Further net movements of short-term funds to the United Kingdom occurred in each month of the first quarter of 1955, by the end of which holdings totalled \$75 million. During this period, a discount developed on forward sterling, increasing the cost of exchange protection on the swap transactions. But yields on United Kingdom treasury bills rose sharply, while those on Canadian treasury bills, after falling in the first half of the quarter, rose again and by the end of the quarter had regained the earlier levels. Over the next six months, yields on United Kingdom treasury bills rose moderately but there were much sharper increases in both the discount on forward sterling and on obtainable yields in Canada. As a consequence, the London market became less attractive to Canadian funds and Canadian holdings fell to \$4 million by the end of September. In September and October, interest arbitrage movements to the United Kingdom were moderately advantageous, and there was a relatively small amount of funds placed in London. At the year-end, holdings totalled \$6 million.

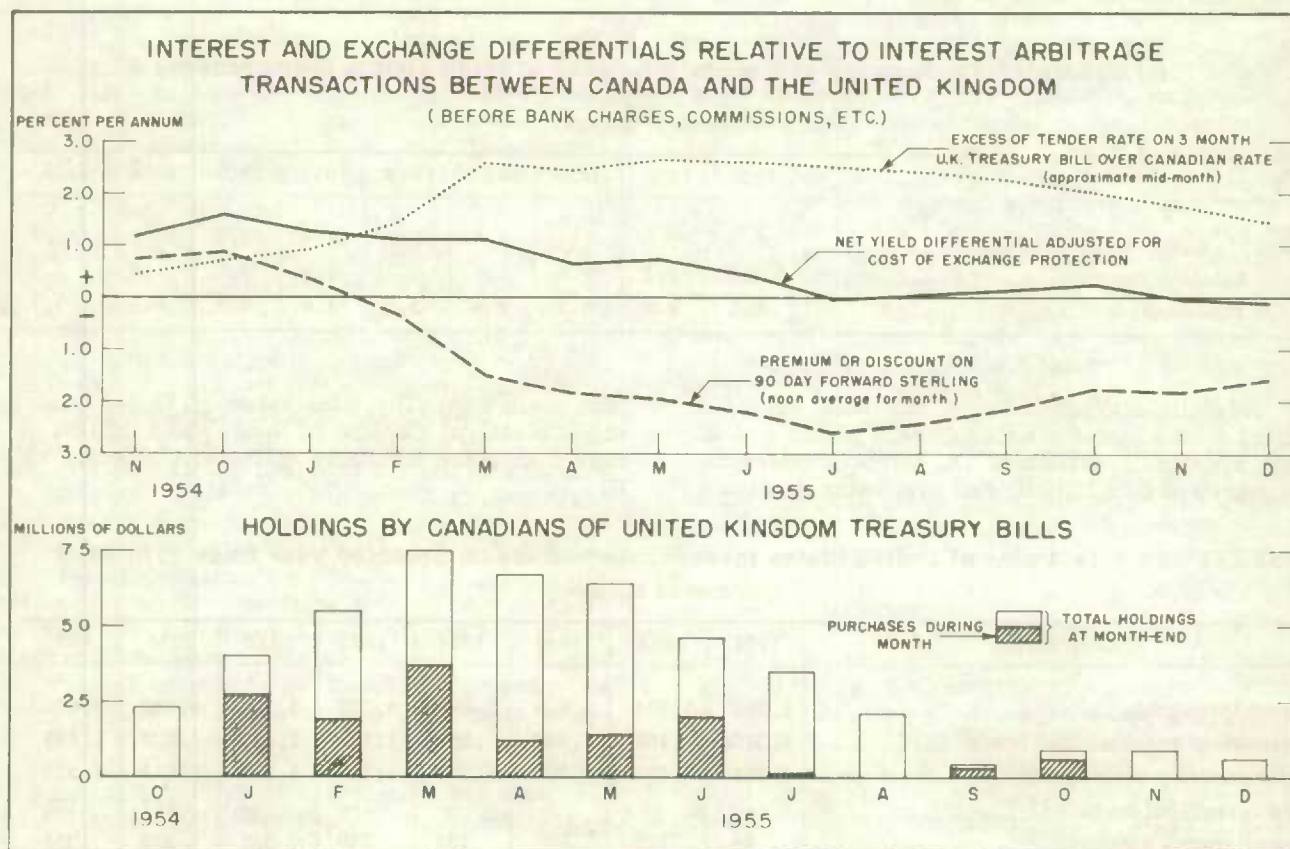
Details of these transactions appear in state-16, and in the accompanying chart.

STATEMENT 16. Interest Arbitrage Transactions of Canadians
Estimated Transactions in United Kingdom Short-term Government Securities
(Millions of Canadian dollars)

Month	Purchases	Sales and Maturities	Net Change in holdings	Holdings at month-end
1954 - December	23
1955 - January	27	10	+ 17	40
February	19	4	+ 15	55
March	42	22	+ 20	75
April	12	20	- 8	67
May	14	17	- 3	64
June	20	38	- 18	46
July	1	12	- 11	35
August	-	14	- 14	21
September	3	20	- 17	4
October	6	1	+ 5	9
November	-	-	-	9
December	-	3	- 3	6
Year 1955	144	161	- 17	6

The figures given in this table are exclusive of the employment of funds by the banking system.

Note: An increase in holdings (+) represents a capital outflow which would be designated minus (-) in statistics of capital movements.



Canada's International Investment Position

Rapid changes have been occurring in Canada's international investment position as a result of the large capital inflows and the retention of earnings in recent years. The balance of indebtedness has risen to a new peak but even more significant changes have occurred in the extent of non-resident investment in Canadian industry, a sphere where most of the development financed by non-resident sources of capital has occurred. Non-resident investments in Canada of a long-term character have risen to a new peak of \$13.5 billion from \$8.0 billion as recently as 1949, and more than three-quarters of this increase in the last half dozen years has been in the value of direct investments. Most of the remainder of the increase has been in portfolio investments in industry. In contrast non-resident ownership of the funded debt of Canadian governments and municipalities declined in 1955 and was less than for some years. In the case of the direct investments there is a particularly large proportion invested in a relatively small number of large enterprises as is shown in new data presented below.

Canada's gross external liabilities at the end of 1955 totalled \$14.7 billion, including some \$13.5 billion of long-term investments. Gross external assets amounted to \$7.0 billion, including \$2.8 billion of private long-term investments abroad. Details of Canada's balance of international indebtedness will be found in table V. The net lia-

bility at the year-end of \$7.7 billion may be compared to the balance of \$3.7 billion in 1948 and 1949, and to the total of \$6.5 billion recorded in 1930 following a period of intensive investment.

The increase in our net external debt during 1955 is recorded at \$1.0 billion, reflecting additions of \$1.1 billion and \$0.1 billion to gross liabilities and gross assets respectively, but the figures for 1954 are subject to revision and those for 1955 are preliminary. The total growth in net indebtedness is larger than the current account deficit by nearly \$0.3 billion. In the main this is 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.

The Bureau has published within the past year an extensive study covering Canada's International Investment Position from the years 1926 to 1954¹. The material covered in that study is not repeated here, although the tables normally published in this series of reports are included in abridged form as tables V to XI. The following text and statements relate only to new data not heretofore published.

1. Canada's International Investment Position 1926-1954, Dominion Bureau of Statistics (1956). Price \$1.00. Ottawa, Ontario.

STATEMENT 17. Summary of Canada's Balance of International Indebtedness, Selected Year Ends, 1926-1955

(Billions of dollars)

Item	1926	1930	1939	1945	1949	1952	1953	1954	1955
Gross liabilities to other countries	6.4	8.0	7.4	7.6	8.9	11.4	12.6	13.6	14.7
Gross external assets	1.3	1.5	1.9	3.8	5.2	6.4	6.6	6.9	7.0
Net Indebtedness	5.1	6.5	5.5	3.9	3.7	5.0	6.0	6.7	7.7

A preliminary estimate of the book value of United States investments in Canada at the end of 1955 appears in statement 18. Direct investments are placed at \$6.6 billion, well over twice the figure

five years ago. The total value of United States investments in Canada of over \$10.3 billion is more than twice the figure at the end of World War II.

STATEMENT 18. Value of United States Investments in Canada, Selected Year Ends 1930-1955

(Millions of dollars)

Classification	1930	1945	1949	1951	1952	1953	1954	1955 ²
Direct investment	1,993	2,304	3,095	3,896	4,532	5,206	5,740	6,600
Government and municipal bonds	1,205	1,450	1,534	1,898	1,835	1,870	1,822	1,649
Other portfolio investments	1,368	1,106	1,106	1,269	1,382	1,535	1,641	1,575
New investment funds	—	—	—	—	—	—	117	170
Miscellaneous assets	94	130	170	195	249 ¹	257	302	355
Total book value	4,660	4,990	5,905	7,258	7,998	8,868	9,622	10,349

1. New series not strictly comparable with earlier years.

2. Provisional estimate subject to revision.

Statement 19 gives non-resident ownership as a percentage of selected Canadian industries for various years between 1926 and 1953. The subject of non-resident ownership and control has been discussed at length in the DBS report to which reference has already been made. Briefly, every company in the Bureau's records is classified as to whether it is "controlled" in Canada, in the United States, in the United Kingdom, or in some other overseas country. The general basis of determination is the holding of 50 per cent or more

of the voting stock in a country outside Canada, although account is also taken of the existence of smaller concentrated holdings which may constitute effective control. The classification cannot be taken as indicating where corporate decisions are made at any given moment of time, but is a reasonable measure of the potential for control should the owners wish to exercise it. The existence of this potential control, whether directly exercised or not, may of course be an influence in managerial decision.

STATEMENT 19. Non-Resident Ownership as a Percentage of Selected Canadian Industries, Selected Year Ends, 1926-1953

Industry classification	1926	1930	1939	1948	1951	1952	1953
Percentage of total owned by all non-residents:							
Manufacturing ¹	38	40	42	42	44	46	47
Mining, smelting and petroleum exploration and development ¹	37	44	40	39	51	54	56
Steam railways	55	56	57	45	40	38	37
Other utilities	32	36	27	20	18	18	17
Total of above industries and merchandising	37	39	38	32	32	32	32
Percentage of total owned by United States Residents:							
Manufacturing ¹	30	33	34	35	36	38	38
Mining, smelting and petroleum exploration and development ¹	28	34	31	32	45	49	52
Steam railways	15	21	18	21	18	17	16
Other utilities	23	30	20	16	16	16	15
Total of above industries and merchandising	19	24	22	23	24	25	25

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

For the industries covered in statement 19, taken as a whole, the aggregate capital controlled by non-residents is smaller than their total investment, because the foreign capital invested in Canadian controlled companies exceeds the Canadian capital invested in foreign controlled companies. In the fields of manufacturing, mining, smelting and petroleum exploration and development non-resident control is higher than non-resident ownership, but in utilities and merchandising the amount controlled by non-residents is considerably lower than their investment.

New information on the concentration and control of manufacturing and mining at the end of 1953 is shown in statement 20. This indicates that

in terms of book value of investment about 60 per cent of petroleum exploration, development, and refining, 60 per cent of (other) mining and 40 per cent of (other) manufacturing were accounted for by 82 enterprises. The capital investments in these larger enterprises were about 80, 70, and 55 per cent respectively controlled outside Canada. In each of these areas of investment foreign control represents a significantly higher proportion of the large companies than it does of the industry as a whole. If account were taken of the changes in control which have occurred in this group of enterprises since 1953, the ratios of non-resident control would be 95, 75, and 57 per cent respectively (based on 1953 book values), or about two-thirds for the whole group.

STATEMENT 20. Manufacturing and Mining Enterprises in Canada, — Concentration and Control, End of 1953

	Petroleum exploration development, and refining		Mining other than petroleum exploration and development		Manufacturing other than petroleum refining		Total manufacturing and mining	
	All enterprises ¹	Large enterprises ²	All enterprises ¹	Large enterprises ²	All enterprises ¹	Large enterprises ²	All enterprises ¹	Large enterprises ²
(Millions of dollars)								
Book values								
Controlled in Canada	582	191	726	319	4,290	1,572	5,598	2,082
Controlled outside Canada	1,186	831	898	676	3,839	1,877	5,923	3,384
Total	1,768	1,022	1,624	995	8,129	3,449	11,521	5,466
(Per cent)								
Percentage distributions								
Total Industry	100	58	100	61	100	42	100	47
Controlled in Canada	33	19	45	32	53	46	49	38
Controlled outside Canada	67	81	55	68	47	54	51	62

1. The figures for all enterprises are derived from statement 20 in Canada's *International Investment Position 1926-1954* with the exclusion of petroleum enterprises whose primary activity lies outside manufacturing and mining.

2. Large enterprises include all manufacturing and mining companies with an aggregate investment in Canada of \$25 million or more at the end of 1953. There were 13 such enterprises in the petroleum classification, 14 in other mining, and 55 in other manufacturing. For comment on more recent developments see accompanying text.

Further analysis of the production and employment of United States controlled manufacturing establishments summarized in statement 21 reveals additional evidence of the degree of concentration in larger establishments. While precise figures are not at present available for the group of es-

tablishments with employment below 500, it is evident that the ratio of selling value of factory shipments by United States controlled establishments would be in the neighbourhood of one-quarter. This ratio increases to 39, 45, and 52 per cent in the successively larger employment ranges shown.

STATEMENT 21. Share of United States Controlled Manufacturing Establishments in Selling Value of Factory Shipments, Employment and Earnings, Ranked by Employment, 1953

Number of Employees	Ratio of United States controlled manufacturing establishments to total		
	Selling value of factory shipments	Employment	Earnings
1,500 and over.....	52%	40%	41%
1,000 — 1,499	45%	41%	43%
500 — 999	39%	33%	36%
1 — 499	about 25%	n/a	n/a

Figures for the ownership and control of the book value of investment in the petroleum industry in Canada for the end of 1954 are now available and are published in statement 22. It should be emphasized that the data measure book values of investment for the industry as a whole. Because they are based on corporate financial records they

are not designed to reflect investment in particular areas of the industry, for example exploration and development, in which the refining companies play an important role. Nor are they designed to measure physical aspects of particular segments of the industry, such as reserves, crude production, or refinery output.

STATEMENT 22. Estimated Book Value of Investment in the Petroleum Industry in Canada¹, Classification by Country of Ownership and Principal Activity of Company, End of 1945 and 1954

Investment in	Canada		United States		United Kingdom and Other Countries		Total	
	1945	1954	1945	1954	1945	1954	1945	1954
(Millions of dollars)								
Exploration and Development companies:								
Controlled in Canada.....	48	346	1	43	1	5	50	394
Controlled in United States	4	44	4	607	—	1	8	652
Controlled in United Kingdom and other countries	—	4	—	—	—	15	—	19
Sub-total	52	394	5	650	1	21	58	1,065
Refining companies:								
Controlled in Canada.....	57	201	6	37	—	2	63	240
Controlled in United States	53	191	100	505	6	11	159	707
Controlled in United Kingdom and other countries	—	6	—	—	2	25	2	31
Sub-total	110	398	106	542	8	38	224	978
Merchandising companies:								
Controlled in Canada.....	19	50	—	—	—	—	19	50
Controlled in United States	—	—	6	8	—	—	6	8
Controlled in United Kingdom and other countries	2	—	2	—	2	—	2	—
Sub-total	19	50	6	8	—	—	25	58
Transportation companies:								
Controlled in Canada.....	—	14	—	2	—	—	—	16
Controlled in United States	2	41	2	156	2	1	2	198
Sub-total	—	55	—	158	—	1	—	214
All Petroleum companies:								
Controlled in Canada.....	124	611	7	82	1	7	132	700
Controlled in United States	57	276	110	1,276	6	13	173	1,565
Controlled in United Kingdom and other countries	—	10	—	—	2	40	2	50
Total	181	897	117	1,358	9	60	307	2,315
Percentage Distribution of Ownership								
All Petroleum companies:								
Controlled in Canada.....	40.4	26.4	2.3	3.5	0.3	0.3	43.0	30.2
Controlled in United States	18.6	11.9	35.8	55.1	2.0	0.6	56.4	67.6
Controlled in United Kingdom and other countries	—	0.4	—	—	0.6	1.7	0.6	2.2
Total	59.0	38.7	38.1	58.7	2.9	2.6	100.0	100.0

1. Newfoundland is included with Canada in 1945 to preserve comparability with later series.
2. Investment is included with refining companies.

Classification of petroleum industry in investment records**Investment in:**

Exploration and development companies
 Refining companies
 Merchandising companies
 Transportation companies

Recorded in Tables VII to IX under:

Mining and smelting
 Manufacturing (non-metallic minerals)
 Merchandising
 Public Utilities (other)

The estimated distribution of ownership of Canadian long-term funded debt outstanding at the end of 1955 is given in statement 23. By the end of 1955 Canadians held more than 90 per cent of the long-term funded debt of governments and more than 85 per cent of all long-term funded debt. At the end of 1954 the corresponding ratios were 89 per cent and 84 per cent. Subsidiary detail for the end of 1954 appears in statement 24 which shows the currency of payment and the holdings of United States life insurance companies and of United States parent companies and affiliates. These figures reflect the very great repatriation which has occurred in Government of Canada issues previously owned in the United States. At the end of 1954 holdings amounted to \$515 million compared with \$1,009 million at the end of 1950. Holdings of issues payable in Canadian dollars only were reduced to \$265 million in 1954 from \$652 million four years earlier, while those payable in foreign

currencies were reduced to \$250 million from \$357 million. By the end of 1955 aggregate United States holdings of the Government of Canada issues had been reduced further to \$403 million; most of the repatriation during the year was of issues payable in foreign currencies. In the case of funded debt of Canadian borrowers other than the Government of Canada, issues payable in Canadian currency only accounted for less than one-sixth of all holdings at the end of 1954 by United States residents. The proportion in the case of Government of Canada issues was somewhat more than one-half. The currency distributions are significant not only as an indication of the market for which the securities may have originally been intended and of the assumption of exchange risk by borrower or lender, but also because the response of international trading to changing levels of interest and exchange rates may vary with the terms of payment.

**STATEMENT 23. Estimated Distribution of Ownership of Canadian Long-Term Funded Debt
End of 1955**
(Millions of dollars)

Debtor	Amounts Outstanding	Distribution of Ownership			
		Canada	United States	United Kingdom	Other Countries
Government of Canada direct and guaranteed, excluding railways ¹	13,407	12,868	403	67	69
Provincial direct and guaranteed, excluding railways	3,639	2,751	836	39	13
Municipal	2,210	1,759	410	35	6
Sub-total Government bonds	19,256	17,378	1,649	141	88
Percentage distribution	100.00%	90.25%	8.50%	0.73%	0.46%
Steam railways	1,471	924	224	297	26
Other corporations	4,334	3,176	970	146	42
Total bonds and debentures	25,061	21,478	2,843	584	156
Percentage distribution	100.00%	85.70%	11.35%	2.33%	0.62%

1. Excluding 1,725 treasury bills and notes.

**STATEMENT 24. Estimated Distribution of Ownership of Canadian Long-Term Funded Debt
Classification by Currency of Payment, End of 1954**
(Millions of dollars)

Debtor and Currency	Amounts Outstanding	Distribution of Ownership			
		Canada	United States ¹	United Kingdom	Other Countries
Government of Canada, direct and guaranteed excluding railways:					
Payable in Canadian dollars only ²	12,570	12,214	265	22	69
Payable in foreign currencies only	401	106	242	49	4
Payable optionally in Canadian or foreign currencies	9	1	8	—	—
Sub-total	12,980	12,321	515	71	73

**STATEMENT 24. Estimated Distribution of Ownership of Canadian Long-Term Funded Debt
Classification by Currency of Payment, End of 1954 — Concluded**

(Millions of dollars)

Debtor and Currency	Amounts Outstanding	Distribution of Ownership			
		Canada	United States ¹	United Kingdom	Other Countries
Provincial, direct and guaranteed excluding railways:					
Payable in Canadian dollars only	2,523	2,436	45	30	12
Payable in foreign currencies only	512	1	510	1	—
Payable optionally in Canadian or foreign currencies	392	26	359	7	—
Sub-total	3,427	2,463	914	38	12
Municipal:					
Payable in Canadian dollars only	1,591	1,489	72	26	4
Payable in foreign currencies only	284	13	267	3	1
Payable optionally in Canadian or foreign currencies	87	27	54	6	—
Sub-total	1,962	1,529	393	35	5
Steam Railways:					
Payable in Canadian dollars only	870	825	30	7	8
Payable in foreign currencies only	416	—	127	287	2
Payable optionally in Canadian or foreign currencies	259	116	117	4	22
Sub-total	1,545	941	274	298	32
Other corporations:					
Payable in Canadian dollars only	3,155	2,748	244	140	23
Payable in foreign currencies only	690	9	665	11	5
Payable optionally in Canadian or foreign currencies	79	16	63	—	—
Sub-total	3,924	2,773	972³	151	28
Total bonds and debentures:					
Payable in Canadian dollars only	20,709	19,712	656	225	116
Payable in foreign currencies only	2,303	129	1,811	351	12
Payable optionally in Canadian or foreign currencies	826	186	601	17	22
TOTAL	23,838	20,027	3,068	593	150

1. Bonds held by United States Life Insurance Companies (aside from business in Canada):

Government of Canada, direct and guaranteed excluding railways	144
Provincial, direct and guaranteed excluding railways	267
Municipal	219
Railways	687
Other corporations	
Total	1,317
2. Excluding 1,530 treasury bills and notes.
3. Corporate bonds held by United States parent companies and affiliates:

Payable in Canadian dollars only	4
Payable in foreign currencies only	141
Payable optionally in Canadian or foreign currencies	39
Total	184

TABLE I. Current and Capital Account of the Canadian Balance of International Payments
Revised Estimates for 1954 and Preliminary Estimates for 1955
(Millions of dollars)

No.	Account	All Countries		United States		United Kingdom		Other Sterling Area		Other OEEC Countries		All Other Countries	
		1954	1955	1954	1955	1954	1955	1954	1955	1954	1955	1954	1955
A	Current Receipts:												
1	Merchandise exports (adjusted).....	3,929	4,332	2,355	2,598	660	772	206	253	351	380	357	329
2	Mutual Aid to NATO Countries	284	222	—	—	—	—	—	—	—	—	—	—
3	Gold production available for export	155	155	155	155	—	—	—	—	—	—	—	—
4	Travel expenditures	305	328	283	303	13	13	3	4	4	5	2	3
5	Interest and dividends	147	160	69	82	35	38	17	21	12	12	14	7
6	Freight and shipping	313	385	169	199	73	94	18	27	29	36	24	29
7	Inheritances and immigrants' funds	89	86	42	45	19	20	4	4	20	13	4	4
11	All other current receipts	298	393	233	314	36	43	7	8	12	16	10	12
12	Total Current Receipts	5,520	6,061	3,306	3,696	836	980	255	317	428	462	411	384
B	Current Payments:												
1	Merchandise imports (adjusted).....	3,918	4,540	2,800	3,280	391	405	183	211	188	228	354	416
4	Travel expenditures	389	449	320	363	35	40	7	8	23	32	4	6
5	Interest and dividends	423	477	345	393	62	64	—	—	14	18	2	2
6	Freight and shipping	356	408	261	287	39	47	3	3	42	60	11	11
7	Inheritances and emigrants' funds	94	101	75	78	13	16	1	1	4	4	1	2
9	Official contributions	11	24	—	—	—	—	8	22	1	1	2	1
10	Mutual Aid to NATO Countries	284	222	—	—	—	—	—	—	—	—	—	—
11	All other current payments	479	532	312	336	67	67	9	12	63	89	28	28
12	Total Current Payments	5,952	6,753	4,113	4,737	607	639	211	257	335	432	402	466
	Balance on Merchandise Trade	+ 13	- 208	- 445	- 682	+ 269	+ 367	+ 23	+ 42	+ 163	+ 152	+ 3	- 87
	Balance on Other Transactions, excluding B9	- 434	- 460	- 362	- 359	- 40	- 26	+ 29	+ 40	- 69	- 121	+ 8	+ 6
	Official contributions	- 11	- 24	—	—	—	—	- 8	- 22	- 1	- 1	- 2	- 1
C	Current Account Balance	- 432	- 692	- 807	-1,041	+ 229	+ 341	+ 44	+ 60	+ 93	+ 30	+ 9	- 82
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada	+ 392	+ 410	+ 288	+ 306	+ 75	+ 66	—	- 1	+ 29	+ 39	—	—
2	Direct investment abroad	- 81	- 67	- 46	- 54	- 16	- 3	- 7	- 4	- 2	—	- 10	- 6
	Canadian Securities:												
3	Trade in outstanding issues	+ 63	- 17	—	- 62	+ 21	+ 26	—	—	+ 14	+ 21	+ 28	- 2
4	New issues	+ 331	+ 166	+ 299	+ 127	+ 20	+ 15	—	—	+ 12	+ 21	—	+ 3
5	Retirements	- 203	- 184	- 184	- 169	- 12	- 11	- 5	—	- 1	- 3	- 1	- 1
	Foreign Securities:												
6	Trade in outstanding issues	+ 7	+ 16	+ 6	+ 27	+ 2	- 9	—	—	- 1	- 2	—	—
7	New issues	- 33	- 48	- 3	- 8	- 1	- 2	—	- 19	—	—	- 29	- 19
8	Retirements	+ 2	+ 17	+ 1	+ 2	—	—	+ 1	—	—	—	—	+ 15
	Loans by Government of Canada:												
10	Repayment of post-war loans	+ 42	+ 39	—	—	+ 15	+ 15	—	—	+ 20	+ 15	+ 7	+ 9
11	Repayment of war loans	+ 30	+ 30	—	—	+ 30	+ 30	—	—	—	—	—	—
14	Change in Canadian dollar holdings of foreigners	+ 34	+ 89	+ 19	+ 66	+ 10	+ 9	- 4	+ 2	+ 4	+ 12	+ 5	—
16	Change in official holdings of gold, U.S. dollars and sterling (increase, minus)	- 124	+ 44	- 121	+ 42	- 3	+ 2	—	—	—	—	—	—
17	Other capital movements	- 28	+ 197	+ 18	+ 128	- 30	+ 80	- 2	+ 6	+ 3	- 3	- 17	- 14
E	Net Capital Movement	+ 432	+ 692	+ 277	+ 405	+ 111	+ 218	- 17	- 16	+ 78	+ 100	- 17	- 15
G	Balance Settled by Exchange Transfers	—	—	+ 530	+ 636	- 340	- 559	- 27	- 44	- 171	- 130	+ 8	+ 97
	Total Financing of Current Account Balance (item C)	+ 432	+ 692	+ 807	+1,041	- 229	- 341	- 44	- 60	- 93	- 30	- 9	+ 82

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, 1946-1953
(Millions of dollars)

A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955 ¹
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	4,332
2	Mutual Aid to NATO Countries	—	—	—	—	57	145	200	246	284	222
3	Gold production available for export	96	99	119	139	163	150	150	144	155	155
4	Travel expenditures	221	251	279	285	275	274	275	302	305	328
5	Interest and dividends	70	64	70	83	91	115	145	165	147	160
6	Freight and shipping.....	311	322	336	303	284	351	383	318	313	385
7	Inheritances and immigrants' funds	65	69	84	68	57	77	85	91	89	96
11	All other current receipts.....	209	220	229	222	231	249	281	319	298	393
12	Total Current Receipts.....	3,363	3,748	4,147	4,089	4,297	5,311	5,858	5,737	5,520	6,061
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	4,540
4	Travel expenditures	135	167	134	193	226	280	341	365	389	449
5	Interest and dividends	312	337	325	390	475	450	413	404	423	477
6	Freight and shipping.....	219	278	279	253	301	354	375	374	356	408
7	Inheritances and emigrants' funds	35	49	50	59	61	70	94	91	94	101
9	Official contributions	97	38	23	6	5	9	16	25	11	34
10	Mutual Aid to NATO Countries	—	—	—	—	57	145	200	246	284	222
11	All other current payments.....	382	295	287	315	377	423	405	465	479	532
12	Total Current Payments.....	3,002	3,699	3,696	3,912	4,631	5,828	5,694	6,180	5,952	6,753
	Balance on Merchandise Trade	+ 571	+ 188	+ 432	+ 293	+ 10	- 147	+ 489	- 58	+ 13	- 208
	Balance on Other Transactions, excluding B9	- 111	- 101	+ 42	- 110	- 339	- 361	- 309	- 360	- 434	- 460
	Official Contributions.....	- 97	- 38	- 23	- 6	- 5	- 9	- 16	- 25	- 11	- 34
C	Current Account Balance	+ 363	+ 49	+ 451	+ 177	- 334	- 517	+ 164	- 443	- 432	- 692
D	Capital Account:										
	Direct Investment:										
1	Direct investment in Canada	+ 40	+ 61	+ 71	+ 94	+ 222	+ 309	+ 346	+ 426	+ 392	+ 410
2	Direct investment abroad	- 14	+ 6	+ 15	+ 13	+ 36	- 20	- 77	- 63	- 81	- 67
	Canadian Securities:										
3	Trade in outstanding issues	+ 194	- 13	+ 3	+ 8	+ 329	+ 38	- 94	- 31	+ 63	- 17
4	New issues.....	+ 218	+ 95	+ 150	+ 105	+ 210	+ 411	+ 316	+ 335	+ 331	+ 166
5	Retirements	- 539	- 364	- 114	- 147	- 284	- 184	- 89	- 146	- 203	- 184
	Foreign Securities:										
6	Trade in outstanding issues	+ 25	+ 1	- 7	+ 22	+ 70	+ 15	+ 12	+ 22	+ 7	+ 16
7	New issues.....	- 4	- 3	- 3	- 4	- 2	- 3	- 20	- 23	- 33	- 48
8	Retirements	+ 13	+ 7	+ 2	+ 2	+ 8	+ 3	—	+ 1	+ 2	+ 17
	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	+ 39
11	Repayment of war loans	+ 94	+ 109	+ 64	+ 5	+ 51	+ 34	+ 23	+ 50	+ 30	+ 30
14	Change in Canadian dollar holdings of foreigners	+ 70	- 26	- 21	+ 40	+ 233	- 192	- 66	- 18	+ 34	+ 89
16	Change in official holdings of gold and foreign exchange (increase, minus).....	+ 267	+ 742	- 492	- 128	- 722	- 56	- 37	+ 38	- 124	+ 44
17	Other capital movements	+ 23	- 101	+ 7	- 80	+ 210	+ 128	- 511	- 185	- 28	+ 197
E	Net Capital Movement.....	- 363	- 49	- 451	- 177	+ 334	+ 517	- 164	+ 443	+ 432	+ 692

Notes:

AB 11 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, 1946-1955
(Millions of dollars)

B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955 ¹
A	Current Receipts:										
1	Merchandise exports (adjusted).....	948	1,061	1,508	1,521	2,046	2,326	2,346	2,458	2,355	2,598
2	Gold production available for export	96	99	119	139	163	150	150	144	155	155
4	Travel expenditures	216	241	267	267	260	258	257	282	283	303
5	Interest and dividends	47	36	37	40	50	57	85	101	69	82
6	Freight and shipping	101	104	131	126	157	164	174	164	169	199
7	Inheritances and immigrants' funds	19	18	18	16	31	32	36	41	42	45
11	All other current receipts	140	153	167	158	170	191	224	253	233	314
12	Total Current Receipts	1,567	1,712	2,247	2,269	2,877	3,178	3,274	3,443	3,306	3,696
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	3,280
4	Travel expenditures	130	152	113	165	193	246	294	307	320	363
5	Interest and dividends	250	274	267	325	411	382	344	334	345	393
6	Freight and shipping	169	221	213	193	240	276	302	296	261	287
7	Inheritances and emigrants' funds	31	37	37	44	47	55	77	74	75	78
11	All other current payments	216	211	213	244	293	326	269	290	312	336
12	Total Current Payment	2,174	2,846	2,640	2,870	3,277	4,129	4,123	4,347	4,113	4,737
	Balance on Merchandise Trade	- 430	- 890	- 289	- 376	- 47	- 516	- 471	- 588	- 445	- 682
	Balance on Other Transactions	- 177	- 244	- 104	- 223	- 353	- 435	- 378	- 316	- 362	- 359
C	Current Account Balance	- 607	- 1,134	- 393	- 601	- 400	- 951	- 849	- 904	- 807	- 1,041
D	Capital Account:										
	Direct Investment:										
1	Direct investment in Canada	+ 38	+ 58	+ 61	+ 84	+ 200	+ 270	+ 319	+ 346	+ 288	+ 306
2	Direct investment abroad	- 7	+ 6	+ 15	+ 16	+ 41	- 4	- 42	- 33	- 46	- 54
	Canadian Securities:										
3	Trade in outstanding issues	+ 241	- 3	+ 5	+ 25	+ 362	+ 20	- 104	- 80	-	- 82
4	New issues	+ 218	+ 95	+ 150	+ 105	+ 210	+ 404	+ 315	+ 322	+ 299	+ 127
5	Retirements	- 460	- 313	- 96	- 136	- 263	- 159	- 75	- 132	- 184	- 169
	Foreign Securities:										
6	Trade in outstanding issues	+ 21	- 2	- 9	+ 19	+ 68	+ 18	+ 9	+ 20	+ 6	+ 27
7	New issues	- 4	- 3	- 3	- 4	- 2	- 3	- 5	- 18	- 3	- 8
8	Retirements	+ 6	+ 3	+ 1	+ 1	+ 7	+ 2	-	+ 1	+ 1	+ 2
14	Change in Canadian dollar holdings of foreigners	+ 27	- 3	- 14	- 8	+ 69	- 53	- 37	- 1	+ 19	+ 66
16	Change in official holdings of gold and U.S. dollars (increase, minus)	+ 251	+ 743	- 496	- 134	- 894	- 39	- 80	+ 42	- 121	+ 42
17	Other capital movements	-	- 76	+ 1	- 38	+ 249	+ 59	- 458	- 223	+ 18	+ 128
E	Net Capital Movement	+ 331	+ 505	- 385	- 70	+ 267	+ 515	- 158	+ 244	+ 277	+ 405
G	Balance Settled by Exchange Transfers	+ 276	+ 629	+ 778	+ 671	+ 133	+ 436	+ 1,007	+ 660	+ 530	+ 636
	Total Financing of Current Account Balance (Item C)	+ 607	+ 1,134	+ 393	+ 601	+ 400	+ 951	+ 849	+ 904	+ 807	+ 1,041

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1955
(Millions of dollars)

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
C. BETWEEN CANADA AND THE UNITED KINGDOM											
A	Current Receipts:										
1	Merchandise exports (adjusted).....	626	749	703	701	469	636	727	656	660	772
4	Travel expenditures	3	7	9	11	7	8	10	12	13	13
5	Interest and dividends	7	8	9	9	6	30	29	28	35	34
6	Freight and shipping.....	107	114	105	89	61	91	105	79	73	94
7	Inheritances and immigrants' funds	45	47	52	38	12	14	20	18	19	20
11	All other current receipts.....	52	42	44	49	35	42	34	37	36	43
12	Total Current Receipts	840	967	922	897	590	821	925	830	836	980
B	Current Payments:										
1	Merchandise imports (adjusted).....	138	182	287	300	399	417	350	463	391	406
4	Travel expenditures	3	9	12	17	19	20	27	31	35	40
5	Interest and dividends	54	53	50	55	54	57	56	57	62	64
6	Freight and shipping	32	32	34	32	36	43	42	42	39	47
7	Inheritances and emigrants' funds	3	8	7	10	10	10	12	12	13	15
11	All other current payments.....	110	50	46	37	48	51	50	92	67	64
12	Total Current Payments	340	334	436	451	566	598	537	697	607	639
	Balance on Merchandise Trade	+ 488	+ 567	+ 416	+ 401	+ 70	+ 219	+ 377	+ 193	+ 269	+ 367
	Balance on Other Transactions	+ 12	+ 66	+ 70	+ 45	- 46	+ 4	+ 11	- 60	- 40	- 38
C	Current Account Balance	+ 500	+ 633	+ 486	+ 446	+ 24	+ 223	+ 388	+ 133	+ 229	+ 341
D. BETWEEN CANADA AND OTHER STERLING AREA COUNTRIES											
A	Current Receipts:										
1	Merchandise exports (adjusted).....	269	366	293	300	201	265	293	251	206	253
4	Travel expenditures	1	1	1	2	3	3	3	3	3	4
5	Interest and dividends	2	6	4	4	8	4	7	13	17	21
6	Freight and shipping.....	34	39	34	30	18	23	20	18	18	25
7	Inheritances and immigrants' funds	-	1	2	1	1	3	3	4	4	4
11	All other current receipts.....	3	3	4	3	3	3	5	7	7	8
12	Total Current Receipts	309	416	338	340	234	301	331	296	255	317
B	Current Payments:										
1	Merchandise imports (adjusted).....	129	160	192	187	244	310	185	172	183	211
4	Travel expenditures	1	3	4	4	5	5	5	6	7	8
5	Interest and dividends	1	1	1	1	-	-	-	-	-	-
6	Freight and shipping.....	6	5	7	5	3	5	5	6	3	3
7	Inheritances and emigrants' funds	-	-	1	2	1	1	1	1	1	1
9	Official contributions	5	-	-	-	-	-	15	18	8	23
11	All other current payments.....	3	5	4	6	4	4	8	10	9	17
12	Total Current Payments	145	174	209	205	257	325	217	213	211	257
	Balance on Merchandise Trade	+ 140	+ 206	+ 101	+ 113	- 43	- 45	+ 108	+ 79	+ 23	+ 44
	Balance on Other Transactions, excluding B 9	+ 29	+ 36	+ 28	+ 22	+ 20	+ 21	+ 21	+ 22	+ 29	+ 40
	Official Contributions	- 5	-	-	-	-	-	- 15	- 18	- 8	- 22
C	Current Account Balance	+ 164	+ 242	+ 129	+ 135	- 23	- 24	+ 114	+ 83	+ 44	+ 60

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1955

(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	1955 ¹
C	Current Account Balance	+ 664	+ 875	+ 615	+ 581	+ 1	+ 199	+ 502	+ 216	+ 273	+ 401
D	Capital Account:										
	Direct Investment:										
1	Direct investment in Canada	+ 2	+ 3	+ 10	+ 13	+ 19	+ 30	+ 15	+ 45	+ 75	+ 65
2	Direct investment abroad	- 10	- 3	- 2	- 3	- 4	- 6	- 19	- 22	- 23	- 7
	Canadian Securities:										
3	Trade in outstanding issues	- 48	- 11	- 4	- 16	- 35	- 16	- 3	+ 27	+ 21	+ 26
4	New issues	-	-	-	-	-	+ 7	+ 1	+ 7	+ 20	+ 15
5	Retirements	- 77	- 42	- 14	- 10	- 19	- 24	- 9	- 11	- 17	- 11
	Foreign Securities:										
6	Trade in outstanding issues	+ 1	+ 3	+ 2	+ 2	+ 1	-	+ 3	+ 3	+ 2	- 9
7	New issues	-	-	-	-	-	-	-	-	- 1	- 21
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	+ 15
11	Repayment of war loans	+ 89	+ 104	+ 64	+ 5	+ 51	+ 34	+ 23	+ 50	+ 30	+ 30
14	Change in Canadian dollar holdings of foreigners	+ 32	- 4	- 20	+ 62	+ 116	- 128	- 22	- 17	+ 6	+ 11
16	Change in official holding of sterling (increase, minus)	+ 16	- 1	+ 4	+ 6	- 28	- 17	+ 43	- 4	- 3	+ 2
17	Other capital movements	+ 39	+ 16	+ 18	- 27	- 39	+ 82	- 62	+ 37	- 32	+ 86
E	Net Capital Movement	- 491	- 357	+ 7	- 87	+ 13	- 23	- 16	+ 129	+ 94	+ 202
G	Balance Settled by Exchange Transfers:										
	Official settlements	- 150	- 505	- 597	- 466	+ 4	- 165	- 486	- 345	- 367	- 603
	Private settlements	- 23	- 13	- 25	- 28	- 18	- 11	-	-	-	-
	Total Financing of Current Account Balance (item C)	- 664	- 875	- 615	- 581	- 1	- 199	- 502	- 216	- 273	- 401

1. Subject to revision.

TABLE III. Current Account Between Canada and All Countries, 1926-1955

(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	1,188	+ 244	-	+ 244
1937	1,593	1,413	+ 180	-	+ 180
1938	1,361	1,261	+ 100	-	+ 100
1939	1,457	1,351	+ 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	5,520	5,668	- 148	- 284	- 432
1955	6,061	6,531	- 470	- 222	- 692

1. Including Mutual Aid exports.
2. Excluding Mutual Aid offsets.
3. Subject to revision.

TABLE IV. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1953-1955

(Millions of dollars)

A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1953				1954				1955 ¹			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A	Current Receipts:												
1	Merchandise exports (adjusted)	918	1,113	1,077	1,044	872	993	1,002	1,062	967	1,098	1,127	1,140
3	Gold production available for export	48	37	30	29	35	43	39	38	39	39	37	40
4	Travel expenditures	26	57	172	47	24	59	172	50	26	66	182	54
5	Interest and dividends	27	33	24	81	24	33	23	67	25	34	28	73
6	Freight and shipping	66	86	81	85	70	78	83	82	82	95	101	107
7	Inheritances and immigrants' funds	16	26	26	23	18	28	24	19	16	25	24	21
11	All other current receipts	69	73	94	83	65	72	81	80	78	105	106	104
12	Total Current Receipts	1,170	1,425	1,504	1,392	1,108	1,306	1,424	1,398	1,233	1,462	1,605	1,539
B	Current Payments:												
1	Merchandise imports (adjusted)	1,002	1,161	1,053	994	923	1,068	941	984	971	1,148	1,163	1,258
4	Travel expenditures	68	95	124	78	65	102	134	88	78	119	156	96
5	Interest and dividends	86	102	83	133	88	94	85	156	121	108	93	155
6	Freight and shipping	69	106	107	92	70	93	99	94	77	106	110	115
7	Inheritances and emigrants' funds	21	22	23	25	21	23	25	25	22	24	28	27
9	Official contributions	10	10	3	2	4	2	2	3	5	4	8	7
11	All other current payments	100	123	126	116	114	119	118	128	133	127	136	136
12	Total Current Payments	1,356	1,619	1,519	1,440	1,285	1,501	1,404	1,478	1,407	1,636	1,694	1,794
	Balance on Merchandise Trade	- 84	- 48	+ 24	+ 50	- 51	- 75	+ 61	+ 78	- 4	- 50	- 36	- 118
	Balance on Other Transactions, Excluding B9	- 92	- 136	- 36	- 96	- 122	- 118	- 39	- 155	- 165	- 120	- 45	- 130
	Official Contributions	- 10	- 10	- 3	- 2	- 4	- 2	- 2	- 3	- 5	- 4	- 8	- 7
C	Current Account Balance	- 186	- 194	- 15	- 48	- 177	- 195	+ 20	- 80	- 174	- 174	- 89	- 255
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada	+ 109	+ 97	+ 106	+ 114	+ 93	+ 98	+ 77	+ 124	+ 87	+ 111	+ 101	+ 111
2	Direct investment abroad	- 11	- 10	- 11	- 31	- 11	- 18	- 30	- 22	- 8	- 9	- 12	- 38
	Canadian Securities:												
3	Trade in outstanding issues	+ 10	- 35	- 5	- 1	+ 16	+ 28	+ 1	+ 18	- 31	+ 7	- 21	+ 28
4	New issues	+ 129	+ 60	+ 14	+ 132	+ 177	+ 93	+ 36	+ 25	+ 109	+ 29	+ 16	+ 12
5	Retirements	- 29	- 89	- 9	- 19	- 26	- 76	- 47	- 54	- 85	- 62	- 18	- 19
	Foreign Securities:												
6	Trade in outstanding issues	+ 2	+ 3	+ 2	+ 15	+ 4	+ 9	- 1	- 5	+ 12	- 8	+ 4	+ 8
7	New issues	- 1	- 2	- 1	- 19	- 2	- 26	- 3	- 2	- 5	- 17	- 4	- 22
8	Retirements	+ 1	-	-	-	-	-	-	+ 2	+ 3	-	+ 14	-
	Loans by Government of Canada:												
10	Repayment of post-war loans	+ 2	+ 11	-	+ 24	+ 2	+ 11	+ 3	+ 26	-	+ 10	+ 2	+ 27
11	Repayment of war loans	+ 4	+ 7	+ 39	-	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8
14	Change in Canadian dollar holdings of foreigners	+ 44	+ 20	- 71	- 11	- 17	+ 13	+ 10	+ 28	+ 30	+ 39	+ 6	+ 14
16	Change in official holdings of gold and foreign exchange (increase, minus)	+ 16	+ 91	- 35	- 34	- 4	- 37	- 38	- 45	+ 71	- 56	- 7	+ 36
17	Other capital movements	- 90	+ 41	- 14	- 122	- 62	+ 92	- 35	- 23	- 16	+ 122	+ 1	+ 90
E	Net Capital Movement	+ 186	+ 194	+ 15	+ 48	+ 177	+ 195	- 20	+ 80	+ 174	+ 174	+ 89	+ 255

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, 1953-1955
(Millions of dollars)

B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1953				1954				1955 ¹			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A	Current Receipts:												
1	Merchandise exports (adjusted).....	590	629	612	627	543	595	597	620	580	647	670	701
3	Gold production available for export	48	37	30	29	35	43	39	38	39	39	37	40
4	Travel expenditures	24	52	165	41	22	52	164	45	24	58	172	49
5	Interest and dividends	22	16	19	44	13	15	19	22	13	20	21	28
6	Freight and shipping	37	44	42	41	36	41	47	45	41	49	53	58
7	Inheritances and immigrants' funds	8	11	11	11	8	12	12	10	8	12	14	11
11	All other current receipts	51	58	77	67	50	54	64	65	59	85	85	65
12	Total Current Receipts	780	847	956	860	707	812	942	845	764	910	1,052	970
B	Current Payments:												
1	Merchandise imports (adjusted).....	759	641	742	704	679	767	654	700	723	833	626	898
2	Travel expenditures	60	79	105	63	55	83	110	72	66	99	122	76
5	Interest and dividends	68	88	63	115	69	78	64	134	102	89	74	128
6	Freight and shipping	54	86	84	72	48	70	74	69	52	76	79	80
7	Inheritances and emigrants' funds	19	18	19	19	18	18	20	19	18	18	21	21
11	All other current payments	64	73	75	78	74	81	77	80	81	83	85	87
12	Total Current Payments	1,023	1,185	1,088	1,051	943	1,097	999	1,074	1,042	1,198	1,207	1,290
C	Current Account Balance	- 243	- 338	- 132	- 191	- 236	- 285	- 57	- 229	- 278	- 288	- 155	- 320
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada	+ 97	+ 86	+ 87	+ 76	+ 77	+ 79	+ 55	+ 77	+ 46	+ 93	+ 81	+ 86
2	Direct investment abroad	- 4	-	- 6	- 23	- 6	- 14	- 11	- 15	- 6	- 8	- 6	- 34
	Canadian Securities:												
3	Trade in outstanding issues	+ 2	- 49	- 13	- 20	+ 3	+ 8	- 16	+ 5	- 42	- 7	- 34	+ 21
4	New issues	+ 126	+ 58	+ 12	+ 126	+ 172	+ 82	+ 29	+ 16	+ 96	+ 12	+ 9	+ 10
5	Retirements	- 23	- 88	- 6	- 15	- 17	- 72	- 43	- 52	- 83	- 55	- 13	- 18
	Foreign Securities:												
6	Trade in outstanding issues	+ 1	+ 3	+ 2	+ 14	+ 4	+ 9	- 2	- 5	+ 13	+ 1	+ 7	+ 6
7	New issues	-	- 1	-	- 17	-	-	- 2	- 1	- 4	- 1	- 2	- 1
8	Retirements	+ 1	-	-	-	-	-	-	+ 1	+ 2	-	-	-
14	Change in Canadian dollar holdings of foreigners	+ 14	+ 10	- 15	- 10	- 3	+ 12	- 2	+ 12	+ 11	+ 40	+ 2	+ 13
16	Change in official holdings of gold and U.S. dollars (increase, minus)	+ 15	+ 94	- 37	- 30	- 8	- 36	- 35	- 42	+ 70	- 58	- 6	+ 38
17	Other capital movements	- 100	+ 30	- 34	- 119	- 54	+ 91	- 24	+ 5	+ 44	+ 64	- 53	+ 73
E	Net Capital Movement	+ 129	+ 143	- 10	- 18	+ 168	+ 159	- 51	+ 1	+ 147	+ 81	- 15	+ 192
G	Balance Settled by Exchange Transfers	+ 114	+ 195	+ 142	+ 209	+ 68	+ 126	+ 108	+ 228	+ 131	+ 207	+ 170	+ 128
	Total Financing of Current Account Balance (item C)	+ 243	+ 338	+ 132	+ 191	+ 236	+ 285	+ 57	+ 229	+ 278	+ 288	+ 155	+ 320

TABLE IV. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1953-1955

C. BETWEEN CANADA AND THE UNITED KINGDOM

No.	Account	1953				1954				1955 ¹			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A	Current Receipts:												
1	Merchandise exports (adjusted)	119	191	194	152	134	153	180	193	183	201	199	189
4	Travel expenditures	1	3	4	4	1	4	5	3	1	4	5	3
5	Interest and dividends	1	1	1	25	1	2	1	31	3	2	2	31
6	Freight and shipping	15	21	21	22	18	18	19	18	21	23	24	26
7	Inheritances and immigrants' funds	4	5	5	4	4	6	5	4	4	6	5	5
11	All other current receipts	12	8	8	9	8	10	10	8	11	11	11	10
12	Total Current Receipts	152	229	233	216	166	193	220	257	223	247	246	264
B	Current Payments:												
1	Merchandise imports (adjusted)	103	136	117	107	96	110	93	92	88	99	110	108
4	Travel expenditures	3	10	10	8	4	11	12	8	5	11	14	10
5	Interest and dividends	15	11	17	14	16	13	17	16	15	14	15	20
6	Freight and shipping	9	11	12	10	9	10	10	10	10	11	12	14
7	Inheritances and emigrants' funds	2	3	3	4	2	4	3	4	3	4	5	4
11	All other current payments	20	28	30	14	16	15	17	19	20	11	19	17
12	Total Current Payments	152	199	189	157	143	163	152	149	141	150	175	173
C	Current Account Balance	-	+ 30	+ 44	+ 59	+ 23	+ 30	+ 68	+ 108	+ 82	+ 97	+ 71	+ 91
D	Capital Account:												
	Direct Investment:												
1	Direct investment in Canada	+ 9	+ 7	+ 16	+ 13	+ 12	+ 13	+ 17	+ 33	+ 29	+ 13	+ 12	+ 12
2	Direct investment abroad	-	- 1	- 1	- 3	-	-	- 14	- 2	-	- 1	- 2	-
	Canadian Securities:												
3	Trade in outstanding issues	+ 5	+ 5	+ 3	+ 14	+ 9	+ 2	-	+ 10	+ 10	+ 2	+ 9	+ 5
4	New issues	+ 1	+ 1	+ 1	+ 4	+ 3	+ 4	+ 6	+ 7	+ 9	+ 3	+ 2	+ 1
5	Retirements	- 4	- 1	- 2	- 1	- 7	- 2	- 2	- 1	- 2	- 4	- 4	- 1
	Foreign Securities:												
6	Trade in outstanding issues	+ 1	-	+ 1	+ 1	-	+ 1	+ 1	-	-	- 9	- 2	+ 2
7	New issues	-	-	-	-	-	- 1	-	-	-	-	- 2	-
	Loans by Government of Canada:												
10	Repayment of post-war loans	-	-	-	+ 14	-	-	-	+ 15	-	-	-	+ 15
11	Repayment of war loans	+ 4	+ 7	+ 39	-	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8
14	Change in Canadian dollar holdings of foreigners	+ 21	+ 20	- 53	- 1	- 8	- 4	+ 7	+ 15	+ 19	- 17	+ 3	+ 4
16	Change in official holdings of sterling (increase, minus)	+ 1	- 3	+ 2	- 4	+ 4	- 1	- 3	- 3	+ 1	+ 2	- 1	-
17	Other capital movements	+ 9	+ 13	+ 21	- 3	- 3	- 10	+ 7	- 24	- 57	+ 44	+ 77	+ 16
E	Net Capital Movement	+47	+ 48	+ 27	+ 34	+ 17	+ 10	+ 26	+ 58	+ 16	+ 41	+ 99	+ 62
G	Balance Settled by Exchange Transfers	-47	- 78	- 71	- 93	- 40	- 40	- 94	- 166	- 98	- 138	- 170	- 153
	Total Financing of Current Account Balance (item C)	-	- 30	- 44	- 59	- 23	- 30	- 68	- 108	- 82	- 97	- 71	- 91

TABLE IV. Quarterly Estimates of the Balance of International Payments with Principal Countries and Areas, 1953-1955

D. BETWEEN CANADA AND OTHER COUNTRIES

No.	Account	1953				1954				1955 ¹			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
	Rest of the Sterling Area:												
A 1	Merchandise exports	60	74	66	51	39	58	53	56	55	65	75	58
	Other current receipts	9	10	11	15	15	12	10	12	15	15	15	19
12	Total Current Receipts	69	84	77	66	54	70	63	68	70	80	90	77
B 1	Merchandise imports	28	48	49	47	30	52	53	48	38	59	58	56
	Other current payments	12	14	7	8	9	6	4	9	11	9	14	12
12	Total Current Payments	40	62	56	55	39	58	57	57	49	68	72	68
C	Current Account Balance	+ 29	+ 22	+ 21	+ 11	+ 15	+ 12	+ 6	+ 11	+ 21	+ 12	+ 18	+ 9
	Non-Sterling Area Overseas Countries:												
A 1	Merchandise exports	149	219	205	214	156	187	172	193	149	185	183	192
	Other current receipts	20	46	33	36	25	44	27	35	27	40	34	36
12	Total Current Receipts	169	265	238	250	181	231	199	228	176	225	217	228
B 1	Merchandise imports	112	136	145	136	118	139	141	144	122	157	169	196
	Other current payments	29	37	41	41	42	44	55	54	53	63	71	67
12	Total Current Payments	141	173	186	177	160	183	196	198	175	220	240	263
C	Current Account Balance	+ 28	+ 92	+ 52	+ 73	+ 21	+ 48	+ 3	+ 30	+ 1	+ 5	- 23	- 35
C	Current Account Balance with Above Areas	+ 57	+ 114	+ 73	+ 84	+ 36	+ 60	+ 9	+ 41	+ 22	+ 17	- 5	- 26
D	Capital Account:												
	Direct Investment:												
1	Direct Investment in Canada	+ 3	+ 4	+ 3	+ 25	+ 4	+ 6	+ 5	+ 14	+ 12	+ 5	+ 8	+ 13
2	Direct investment abroad	- 7	- 9	- 4	- 5	- 5	- 4	- 5	- 5	- 2	-	- 4	- 4
	Canadian Securities:												
3	Trade in outstanding issues	+ 3	+ 9	+ 5	+ 5	+ 4	+ 18	+ 17	+ 3	+ 1	+ 12	+ 4	+ 2
4	New issues	+ 2	+ 1	+ 1	+ 2	+ 2	+ 7	+ 1	+ 2	+ 4	+ 14	+ 5	+ 1
5	Retirements	- 2	-	- 1	- 3	- 2	- 2	- 2	- 1	-	- 3	- 1	-
	Foreign Securities:												
6	Trade in outstanding issues	-	-	- 1	-	-	- 1	-	-	- 1	-	- 1	-
7	New issues	- 1	- 1	- 1	- 2	- 2	- 25	- 1	- 1	- 1	- 16	-	- 21
8	Retirements	-	-	-	-	-	-	-	+ 1	+ 1	-	+ 14	-
10	Repayment of post-war loans by Government of Canada ..	+ 2	+ 11	-	+ 10	+ 2	+ 11	+ 3	+ 11	-	+ 10	+ 2	+ 12
14	Change in Canadian dollar holdings of foreigners	+ 9	- 10	- 3	-	- 6	+ 5	+ 5	+ 1	-	+ 16	+ 1	- 3
17	Other capital movements	+ 1	- 2	- 1	-	- 5	+ 11	- 18	- 4	- 3	+ 14	- 23	+ 1
E	Net Capital Movement	+ 10	+ 3	- 2	+ 32	- 8	+ 26	+ 5	+ 21	+ 11	+ 52	+ 5	+ 1
G	Balance Settled by Exchange Transfers	- 67	- 117	- 71	- 116	- 28	- 86	- 14	- 62	- 33	- 69	-	+ 25
	Total Financing of Current Account Balance (item C)	- 57	- 114	- 73	- 84	- 36	- 60	- 9	- 41	- 22	- 17	+ 5	+ 26

1. Subject to revision.

TABLE V. Estimate of the Canadian Balance of International Indebtedness, Selected Year Ends 1926-1955

(exclusive of short-term commercial indebtedness and blocked currencies)

(Billions of dollars)

Item	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955 ⁵
Canadian Liabilities (Foreign Capital Invested in Canada):															
Direct investments VIII, IX	1.8	2.4	2.4	2.3	2.7	2.8	3.0	3.3	3.6	4.0	4.5	5.2	6.0	6.7	7.7
Government and municipal bonds VII	1.4	1.7	1.7	1.7	1.7	1.6	1.5	1.6	1.8	2.0	2.1	2.0	2.1	2.1	1.9
Other portfolio investments VIII	2.5	3.2	3.0	2.6	2.4	2.5	2.4	2.3	2.3	2.4	2.5	2.7	2.9	3.0	3.1
Income accumulating investment funds	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	0.2
Miscellaneous investments VIII	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4 ⁴	0.5	0.6	0.6
Total non-resident long-term investment in Canada VII, VIII	6.0	7.6	7.4	6.9	7.1	7.2	7.2	7.5	8.0	8.7	9.5	10.4	11.5	12.5	13.5
Equity of non-residents in Canadian assets abroad	2	2	2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.6	0.6	0.6
Canadian dollar holdings of non-residents	2	2	2	0.3	0.3	0.4	0.3	0.3	0.4	0.6	0.4	0.3	0.3	0.3	0.4
Canadian short-term assets of IMF and IBRD	—	—	—	—	—	—	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2
Gross Liabilities	6.4	8.0	7.7	7.4	7.6	7.8	8.1	8.4	8.9	9.9	10.6	11.4	12.6	13.6	14.7
United States	3.5	4.9	4.7	4.5	5.4	5.7	5.7	6.0	6.4	7.1	7.9	8.5	9.5	10.3	11.1
United Kingdom	2.7	2.9	2.8	2.6	1.8	1.7	1.7	1.7	1.8	2.0	1.9	2.0	2.2	2.3	2.5
Other countries, IMF and IBRD	0.2	0.2	0.2	0.3	0.4	0.4	0.7	0.7	0.7	0.3	0.8	0.9	1.0	1.0	1.1
Canadian Assets (Canadian Capital Invested Abroad):															
Direct investments XI	0.4	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	1.8
Portfolio investments XI	0.5	0.8	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.3 ⁴	0.9	0.9	1.0
Government of Canada loans and advances XI	—	—	—	—	0.7	1.4	1.8	1.9	2.0	2.0	1.9	1.9	1.8	1.7	1.6
Government of Canada subscriptions to IMF and IBRD	—	—	—	—	—	—	0.4	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	1.3	1.4	2.0	2.7	3.6	3.6	4.0	4.0	4.1	4.4	4.5	4.6	4.8
Government of Canada holdings of gold and foreign exchange VI	2	2	2	0.5	1.7	1.3	0.5	1.0	1.2	1.9	1.8	1.8	1.8	1.9	1.9
Other Canadian short-term assets abroad	3	3	3	—	0.1	—	—	—	0.1	0.1	0.1	0.3	0.3	0.4	0.3
Gross Assets	1.3	1.5	1.4	1.9	3.8	4.0	4.1	4.7	5.2	5.9	6.0	6.4	6.6	6.9	7.0
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	1.9
United States ¹	0.7	0.9	0.8	0.9	0.9	0.8	0.8	0.8	1.1	1.1	1.4	1.7	2.0	2.2	2.2
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	1.4
Other countries, IMF and IBRD	0.5	0.5	0.6	0.4	0.5	0.7	1.3	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.4
Canadian Net International Indebtedness:															
Net Liabilities	5.1	6.5	6.3	5.5	3.9	3.8	4.0	3.7	3.7	4.0	4.6	5.0	6.0	6.7	7.7
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	-1.9
United States ¹	2.8	4.0	3.9	3.6	4.6	4.9	4.9	5.2	5.3	6.0	6.5	6.8	7.5	8.1	8.8
United Kingdom ¹	2.6	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	1.0
Other countries, IMF and IBRD	-0.3	-0.3	-0.4	-0.1	-0.1	-0.3	-0.6	-0.7	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.2

N.D. 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. Not available.
3. Not available; net external assets of the Chartered Banks of Canada amounted to \$370 million in 1926, \$180 million in 1930, and \$91 million in 1933.
4. New series not strictly comparable with earlier years.
5. Preliminary estimate.

General note applicable to all statistics of foreign investments in Canada

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.

A dash (—) means "nil" or less than \$0.5 million.

For more detailed treatment see "Canada's International Investment Position, 1926-1954".

TABLE VI. Canada's Official Holdings of Gold and United States Dollars¹, 1950-1955

(Millions of U.S. dollars)

At end of	1950	1951	1952	1953	1954	1955
March	1,192.2	1,653.4	1,767.2	1,845.3	1,827.2	1,871.5
June	1,255.4	1,683.0	1,827.7	1,750.1	1,863.3	1,930.4
September	1,789.6	1,610.1	1,855.6	1,787.3	1,898.6	1,936.7
December	1,741.5	1,778.6	1,860.2	1,813.5	1,942.6	1,900.8

1. Gold, United States dollars and short-term securities of the United States Government held by the Exchange Fund Account and other Government accounts, and net holdings of the Bank of Canada.

TABLE VII. Foreign Capital Invested in Canada, Selected Year Ends 1930-1954
 Classification by Type of investment
 (millions of dollars)

Long Term Investments in Canada by types of Investment	A. Owned by all Non-Residents							B. Owned by United States						
	1930	1945	1950	1951	1952	1953	1954	1930	1945	1950	1951	1952	1953	1954
Government securities:														
Dominion	682	726	1,141	1,013	858	744	659	440	682	1,009	887	737	608	515
Provincial	592	624	565	771	816	930	964	517	574	525	732	782	886	914
Municipal	432	312	256	319	354	413	433	248	194	212	279	316	376	393
Sub-total	1,706	1,662	1,962	2,103	2,028	2,087	2,056	1,205	1,450	1,746	1,898	1,835	1,870	1,822
Manufacturing:														
Vegetable products	208	268	338	366	382	426	449	123	199	252	277	286	325	342
Animal products	50	61	71	74	83	89	95	44	47	61	64	72	78	82
Textiles	49	83	111	117	117	115	121	26	41	57	61	61	59	62
Wood and paper products	586	455	655	715	769	837	937	489	383	528	567	619	680	773
Iron and products	262	319	505	530	623	699	723	233	297	463	492	580	649	669
Non-ferrous metals	125	274	385	463	599	694	722	118	209	316	367	480	543	567
Non-metallic minerals	138	163	364	482	538	606	695	132	148	329	455	499	538	622
Chemicals and allied products	122	169	263	297	339	366	402	89	124	200	227	259	276	293
Miscellaneous manufactures	33	37	62	70	87	93	116	33	34	54	57	60	66	79
Sub-total	1,573	1,829	2,754	3,114	3,537	3,925	4,260	1,287	1,482	2,260	2,567	2,916	3,214	3,489
Mining and smelting	334	403	631	815	1,076	1,422	1,656	255	322	549	723	976	1,315	1,522
Public utilities:														
Railways	2,244	1,599	1,446	1,436	1,429	1,420	1,418	832	720	675	656	644	620	624
Other	634	494	547	575	639	680	726	522	375	448	490	550	590	625
Sub-total	2,878	2,093	1,993	2,011	2,068	2,100	2,144	1,354	1,095	1,123	1,146	1,194	1,210	1,249
Merchandising	203	226	330	388	447	530	577	138	164	230	270	317	388	418
Financial institutions	543	525	573	595	648	776	1,066	251	285	362	353	395	484	696
Other enterprises	82	70	98	120	133	151	149	76	62	88	106	116	130	124
Miscellaneous investments	295	284	320	328	447¹	467	561	94	130	190	195	249¹	257	302
Total Investments	7,614	7,092	8,661	9,474	10,384	11,458	12,469	4,660	4,990	6,548	7,258	7,998	8,868	9,622
	C. Owned by United Kingdom							D. Owned by all Other Countries						
	1930	1945	1950	1951	1952	1953	1954	1930	1945	1950	1951	1952	1953	1954
Government securities:														
Dominion	235	—	82	70	68	79	71	7	44	50	56	53	57	73
Provincial	69	45	39	38	32	36	38	6	5	1	1	2	8	12
Municipal	182	112	42	38	36	35	35	2	6	2	2	2	2	5
Sub-total	486	157	163	146	136	150	144	15	55	53	59	57	67	90
Manufacturing:														
Vegetable products	84	66	80	80	88	93	98	1	3	6	9	8	8	9
Animal products	5	6	5	5	5	5	6	1	8	5	5	6	6	7
Textiles	22	38	50	52	52	53	55	1	4	4	4	4	3	4
Wood and paper products	95	64	119	138	140	146	150	2	8	8	10	10	11	14
Iron and products	24	12	34	28	31	37	37	5	10	8	10	12	13	17
Non-ferrous metals	6	64	65	91	113	142	146	1	1	4	5	6	9	9
Non-metallic minerals	6	13	31	24	33	35	35	—	2	4	3	6	33	38
Chemicals and allied products	32	36	53	60	68	77	94	1	9	10	10	12	13	15
Miscellaneous manufactures	—	2	7	12	26	26	36	—	1	1	1	1	1	1
Sub-total	274	301	444	490	556	614	657	12	46	50	57	63	97	114
Mining and smelting	74	62	55	60	61	63	75	5	19	27	32	39	44	59
Public utilities:														
Railways	1,352	806	707	704	699	702	692	60	73	64	76	86	98	102
Other	100	90	69	56	55	57	65	12	29	30	29	34	33	36
Sub-total	1,452	896	776	760	754	759	757	72	102	94	105	120	131	138
Merchandising	61	57	90	103	112	122	136	4	5	10	15	18	20	23
Financial institutions	243	186	147	142	139	167	217	49	54	64	100	114	125	153
Other enterprises	5	6	8	10	12	16	20	1	2	2	4	5	5	5
Miscellaneous investments	171	85	65	65	114¹	116	137	30	69	65	68	84¹	94	122
Total Investments	2,766	1,750	1,748	1,776	1,884	2,007	2,143	188	352	365	440	502	583	704

1. New Series not strictly comparable with earlier years.

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends 1930-1954

Classification by Type 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	1950	1951	1952	1953	1954	1930	1945	1950	1951	1952	1953	1954
By Type of Assets														
Bonds and Debentures:														
Government and municipal ¹	1,706	1,662	1,962	2,103	2,028	2,087	2,056	1,205	1,450	1,746	1,898	1,835	1,870	1,822
Steam railways	1,481	843	708	676	644	619	604	593	495	366	335	305	287	274
Other corporations	796	561	627	674	899	1,080	1,151	600	414	505	542	749	903	972
Sub-total	3,983	3,066	3,297	3,453	3,571	3,786	3,811	2,403	2,359	2,617	2,775	2,889	3,060	3,068
Capital stock of Canadian companies	2,856	3,194	4,218	4,742	5,193	5,719	6,233	1,832	2,088	3,044	3,476	3,829	4,235	4,608
Other corporation assets ²	480	548	826	951	1,173	1,486	1,747	331	413	697	812	1,031	1,316	1,527
Income accumulating investment trusts	—	—	—	—	—	—	117	—	—	—	—	—	—	117
Miscellaneous investments	295	284	320	328	447 ³	467	561	94	130	190	195	249 ³	257	302
Total Investments	7,614	7,092	8,661	9,474	10,384	11,458	12,469	4,660	4,990	6,548	7,258	7,998	8,868	9,622
By Nature of National Ownership														
I. Direct Investments (controlled in country of ownership):														
Bonds and Debentures:														
Steam railways	52	46	34	36	36	36	37	42	38	29	29	29	29	29
Other corporations	357	281	348	346	499	580	606	294	254	321	319	475	550	581
Sub-total	409	327	382	382	535	616	643	336	292	350	348	504	579	610
Capital stock of Canadian companies	1,543	1,860	2,784	3,205	3,541	3,951	4,365	1,330	1,613	2,394	2,750	3,022	3,356	3,655
Other corporation assets ²	475	526	809	933	1,144	1,436	1,687	327	399	682	798	1,006	1,271	1,475
Total Direct Investments	2,427	2,713	3,975	4,520	5,220	6,003	6,695	1,993	2,304	3,426	3,896	4,532	5,206	5,740
II. Government and Municipal Bonds¹	1,706	1,662	1,962	2,103	2,028	2,087	2,056	1,205	1,450	1,746	1,898	1,835	1,870	1,822
III. Other Portfolio Investments (not controlled in country of ownership):														
Bonds and Debentures:														
Steam railways — controlled in Canada	1,427	795	672	637	605	580	564	556	457	337	306	276	258	245
— controlled in other countries	2	2	2	3	3	3	3	—	—	—	—	—	—	—
Other corporations — controlled in Canada	421	220	214	239	291	369	413	301	158	175	214	266	344	382
— controlled in other countries	18	60	65	89	109	131	132	5	2	9	9	8	9	9
Sub-total	1,868	1,077	953	968	1,008	1,083	1,112	862	617	521	529	550	611	636
Capital stock of Canadian companies:														
Companies controlled in Canada	1,233	1,249	1,326	1,420	1,518	1,622	1,732	484	462	635	708	784	853	919
Companies controlled in other countries	80	85	108	117	134	146	136	18	13	15	18	23	26	34
Other corporation assets ² :														
Companies controlled in Canada	5	16	14	11	21	39	44	4	13	13	10	20	38	40
Companies controlled in other countries	—	6	3	7	8	11	16	—	1	2	4	5	7	12
Income accumulating investment trusts	—	—	—	—	—	—	117	—	—	—	—	—	—	117
Total Other Portfolio Investments	3,186	2,433	2,404	2,523	2,689	2,901	3,157	1,368	1,106	1,186	1,269	1,382	1,535	1,758
IV. Miscellaneous Investments:														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	295	284	320	328	447 ³	467	561	94	130	190	195	249 ³	257	302
SUMMARY														
I. Direct Investments	2,427	2,713	3,975	4,520	5,220	6,003	6,695	1,993	2,304	3,426	3,896	4,532	5,206	5,740
II. Government and municipal bonds	1,706	1,662	1,962	2,103	2,028	2,087	2,056	1,205	1,450	1,746	1,898	1,835	1,870	1,822
III. Other portfolio investments	3,186	2,433	2,404	2,523	2,689	2,901	3,157	1,368	1,106	1,186	1,269	1,382	1,535	1,758
IV. Miscellaneous investments	295	284	320	328	447 ³	467	561	94	130	190	195	249 ³	257	302
Total Investments	7,614	7,092	8,661	9,474	10,384	11,458	12,469	4,660	4,990	6,548	7,258	7,998	8,868	9,622

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends 1930-1954

Classification by Type 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	1950	1951	1952	1953	1954	1930	1945	1950	1951	1952	1953	1954
By Type of Assets														
Bonds and Debentures:														
Government and municipal ¹	486	157	163	146	136	150	144	15	55	53	59	57	67	90
Steam railways	862	316	310	309	307	300	298	21	32	32	32	32	32	32
Other corporations	171	116	94	104	123	149	151	25	31	28	28	27	28	28
Sub-total	1,519	589	567	559	566	599	593	61	118	113	119	116	127	150
Capital stock of Canadian companies	942	973	1,011	1,042	1,100	1,165	1,254	82	133	163	224	264	319	371
Other corporation assets ²	134	103	105	110	104	127	159	15	32	24	29	38	43	61
Miscellaneous investments	171	85	65	65	114 ³	116	137	30	69	65	68	84 ³	94	122
Total Investments	2,766	1,750	1,746	1,776	1,884	2,007	2,143	188	352	365	440	502	583	704
By Nature of National Ownership														
I. Direct Investments (controlled in country of ownership):														
Bonds and Debentures:														
Steam railways	10	8	5	7	7	7	8	—	—	—	—	—	—	—
Other corporations	49	13	13	13	11	15	11	14	14	14	14	13	15	14
Sub-total	59	21	18	20	16	22	19	14	14	14	14	13	15	14
Capital stock of Canadian companies	200	226	346	369	424	466	560	13	21	44	86	95	129	150
Other corporation assets ²	133	101	104	108	102	124	156	15	26	23	27	36	41	56
Total Direct Investments	392	348	468	497	544	612	735	42	61	81	127	144	185	220
II. Government and Municipal Bonds ¹	486	157	163	146	136	150	144	15	55	53	59	57	67	90
III. Other Portfolio Investments (not controlled in country of ownership):														
Bonds and Debentures:														
Steam railways—controlled in Canada	850	306	303	299	297	290	287	21	32	32	32	32	32	32
—controlled in other countries	2	2	2	3	3	3	3	—	—	—	—	—	—	—
Other corporations—controlled in Canada	116	46	25	11	11	12	18	4	16	14	14	14	13	13
—controlled in other countries	6	57	56	80	101	122	122	7	1	—	—	—	—	1
Sub-total	974	411	386	393	412	427	430	32	49	46	46	46	45	46
Capital stock of Canadian companies:														
Companies controlled in Canada	685	691	594	600	597	616	638	64	96	97	112	137	153	175
Companies controlled in other countries	57	56	71	73	79	83	56	5	16	22	26	32	37	46
Other corporation assets ² :														
Companies controlled in Canada	1	2	1	1	1	1	1	—	1	—	—	—	—	3
Companies controlled in other countries	—	—	—	1	1	2	2	—	5	1	2	2	2	2
Total Other Portfolio Investments	1,717	1,160	1,052	1,068	1,090	1,129	1,127	101	167	166	186	217	237	272
IV. Miscellaneous Investments:														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	171	85	65	65	114 ³	116	137	30	69	65	68	84 ³	94	122
SUMMARY														
I. Direct Investments	392	346	468	497	544	612	735	42	61	81	127	144	185	220
II. Government and municipal bonds	486	157	163	146	136	150	144	15	55	53	59	57	67	90
III. Other portfolio investments	1,717	1,160	1,052	1,068	1,090	1,129	1,127	101	167	166	186	217	237	272
IV. Miscellaneous investments	171	85	65	65	114³	116	137	30	69	65	68	84³	94	122
Total Investments	2,766	1,750	1,748	1,776	1,884	2,007	2,143	188	352	365	440	502	583	704

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. New series not strictly comparable with earlier years.

TABLE IX. Foreign Direct Investment¹ in Canada, Selected Year Ends 1930-1954

Classification by Type of Business

(millions of dollars)

Direct Investment in Canada by Type of Business	A. Owned by all Non-Residents							B. Owned by United States						
	1930	1945	1950	1951	1952	1953	1954	1930	1945	1950	1951	1952	1953	1954
Manufacturing:														
Vegetable products	165	200	268	291	317	353	377	94	140	193	214	232	263	281
Animal products	42	47	64	66	73	77	83	38	44	58	60	66	70	74
Textiles	33	56	80	86	87	85	93	20	28	42	46	46	43	47
Wood and paper products	378	348	538	564	610	682	764	334	316	446	454	499	560	642
Iron and products	203	277	442	467	548	617	639	199	272	420	451	528	591	607
Non-ferrous metals	116	211	322	375	486	541	565	113	203	311	362	473	519	539
Non-metallic minerals ²	129	137	327	445	494	557	640	126	133	307	428	469	505	586
Chemicals and allied products	102	144	230	257	295	317	383	86	118	194	219	250	266	280
Miscellaneous manufactures	31	33	60	68	85	91	113	31	31	53	56	59	65	77
Total	1,199	1,453	2,331	2,619	2,995	3,320	3,657	1,041	1,285	2,024	2,290	2,622	2,882	3,133
Mining and smelting	237	277	476	627	850	1,129	1,300	210	255	453	603	825	1,103	1,264
Utilities	450	376	399	412	404	436	467	423	359	379	392	382	414	447
Merchandising	173	208	313	372	431	471	506	122	153	219	259	306	336	354
Financial institutions	304	339	364	378	417	506	626	136	198	267	253	289	349	427
Other enterprises	64	60	92	112	123	141	139	61	54	84	99	108	122	115
Total	2,427	2,713	3,975	4,520	5,220	6,003	6,695	1,993	2,304	3,426	3,896	4,532	5,206	5,740
	C. Owned by United Kingdom							D. Owned by all Other Countries						
	1930	1945	1950	1951	1952	1953	1954	1930	1945	1950	1951	1952	1953	1954
Manufacturing:														
Vegetable products	71	60	74	74	82	86	92	—	—	1	3	3	4	4
Animal products	3	3	3	3	3	3	4	1	—	3	3	4	4	5
Textiles	13	26	36	38	39	41	44	—	2	2	2	2	1	2
Wood and paper products	44	30	92	109	111	121	121	—	2	—	1	—	1	1
Iron and products	3	4	20	14	15	21	23	1	1	2	2	5	5	9
Non-ferrous metals	3	8	9	10	8	15	19	—	—	2	3	5	7	7
Non-metallic minerals	3	4	19	17	25	27	26	—	—	1	—	—	25	28
Chemicals and allied products	15	19	28	30	36	42	92	1	7	8	8	9	9	11
Miscellaneous manufactures	—	2	7	12	26	26	36	—	—	—	—	—	—	—
Total	153	156	288	307	345	382	457	3	12	19	22	28	56	67
Mining and smelting	26	22	19	19	18	17	20	1	—	4	5	7	9	16
Utilities	27	16	16	16	16	16	15	—	1	4	4	6	6	5
Merchandising	48	51	84	98	107	117	130	3	4	10	15	18	18	22
Financial institutions	133	98	54	48	47	65	94	35	43	43	77	81	92	105
Other enterprises	3	5	7	9	11	15	19	—	1	1	4	4	4	5
Total	392	348	468	497	544	612	735	42	61	81	127	144	185	220

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

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

TABLE X. Number of Canadian Concerns Controlled Abroad¹, End of 1954
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	120	5	125	50	2	52	3	—	3
Animal products	58	—	58	4	1	5	3	—	3
Textiles	77	1	78	21	2	23	5	—	5
Wood and paper products	163	12	175	31	1	32	7	—	7
Iron and products	325	19	344	58	—	58	10	—	10
Non-ferrous metals	190	6	196	33	3	36	9	—	9
Non-metallic minerals	77	4	81	22	—	22	4	—	4
Chemicals and allied products	272	37	309	48	2	50	10	2	12
Miscellaneous manufactures	86	8	94	16	—	16	3	—	3
Sub-total	1,368	92	1,460	283	11	294	54	2	56
Mining and smelting	271	90	361	20	2	22	9	2	11
Utilities:									
Railways	8	4	12	4	—	4	—	—	—
Other utilities	94	19	113	17	3	20	12	3	15
Merchandising	598	95	693	266	32	298	57	2	59
Financial:									
Financial institutions except insurance	39	2	41	22	1	23	5	—	3
Insurance	11	181	192	23	91	114	7	44	51
Real estate	44	3	47	14	3	17	8	—	8
Other holding companies	35	12	47	19	1	20	21	—	21
Other enterprises	328	67	395	54	6	60	21	1	22
Total, All Companies, 1954²	2,796	565	3,361	722	150	872	194	54	248
Total, All Companies, 1945³	1,594	391	1,985	320	135	455	56	26	82

1. The book value of all investments in these companies by residents of the country in which controls is shown as direct investment in preceding tables.
2. Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 584; in the U.K. 160; in other countries 22.
3. Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 210; in the U.K. 58; in other countries 2.

TABLE XI. Canadian Long-Term Investments Abroad¹, Selected Year Ends 1939-1954
(Millions of dollars)

Location and Year	Direct Investment in Branches, Subsidiaries and Controlled Companies					Portfolio Investments in Foreign Securities			Government of Canada Credits	Total	Total Private Long-Term Investments Abroad
	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	1,390
1945	239	337	138	6	720	454	167	621	707	2,048	1,341
1951	320	723	117	6	1,166	467	142	609	1,922	3,697	1,775
1952	326	771	163	11	1,271	669 ³	161	830	1,866	3,967	2,101
1953	402	879	215	9	1,507	690	179	869	1,778	4,152	2,374
1954	427	960	245	12	1,644	723	203	926	1,705	4,275	2,570
In the United States:											
1939	211	176	21	4	412	380	121	501	—	913	913
1945	212	214	25	4	455	317	92	409	—	864	864
1951	288	549	71	4	912	289	87	376	—	1,288	1,288
1952	293	572	95	8	968	450 ³	86	536	—	1,504	1,504
1953	365	652	123	7	1,147	469	95	564	—	1,711	1,711
1954	390	711	145	10	1,256	490	89	579	—	1,835	1,835
In the United Kingdom:											
1939	—	53	—	6	59	22	21	43	—	102	102
1945	—	53	—	1	54	26	27	53	561	668	107
1951	1	73	—	—	74	17	17	34	1,394	1,502	108
1952	1	80	—	—	81	17	14	31	1,357	1,469	112
1953	1	103	—	—	104	16	13	29	1,292	1,425	133
1954	1	118	—	—	119	17	14	31	1,247	1,397	150
In Other British Countries²:											
1939	7	30	17	—	54	7	15	22	—	76	76
1945	7	34	28	—	69	7	12	19	—	88	88
1951	7	61	20	—	88	6	8	14	—	102	102
1952	7	70	35	—	112	6	8	14	—	126	126
1953	6	73	54	—	135	6	8	14	—	149	149
1954	4	74	60	—	138	6	7	13	—	151	151
In Other Foreign Countries:											
1939	31	30	85	—	146	102	51	153	31	330	299
1945	20	36	85	1	142	104	36	140	146	428	282
1951	25	39	26	2	92	155	30	185	528	805	277
1952	25	49	33	3	110	196	53	249	509	868	359
1953	30	51	38	2	121	199	63	262	486	869	383
1954	32	57	40	2	131	210	93	303	458	892	434

1. Figures exclude investments of insurance companies and banks which are held mainly against liabilities to non-residents and subscriptions by the Government of Canada in the International Monetary Fund and International Bank for Reconstruction and Development which are partly offset by short term assets in Canada of these institutions (Table V). Figures include the equity of non-residents in assets abroad of Canadian companies.
2. Including investments in Newfoundland prior to 1949.
3. New series not strictly comparable with earlier years.

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