

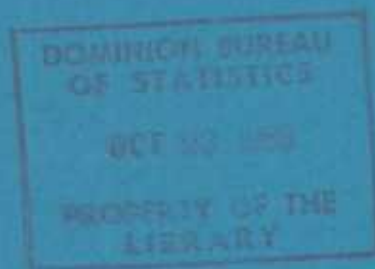
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ANNUAL



THE CANADIAN BALANCE
OF
INTERNATIONAL PAYMENTS, 1957
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, 1957

Summary

Exceptional imbalance on current account, and large inflows of capital for long-term investment, were again in 1957 the outstanding features of Canada's balance of payments. The current account deficit rose to a new high level of \$1,400 million in 1957 from \$1,366 million in 1956. This is the amount by which Canadian expenditures in other countries on goods and services exceeded Canadian receipts from the sale of exports of goods and services. The deficit in 1957 was double that in 1955 which in turn was higher than in any earlier year. At the same time capital inflows of the longer term variety totalled \$1,307 million, providing financing for most of the deficit.

Current deficits and capital movements of these magnitudes are closely related to high levels of economic activity and to the pressures of demands associated with the exceptional rate of growth and of investment outlays characteristic of the Canadian economy in recent years. The effects of changing pressures during 1957 are discussed elsewhere in this report.

Although the current deficit rose only slightly in 1957, this was the result of more significant changes in the underlying sources. The import balance on merchandise account fell by \$149 million from \$728 million to \$579 million, but this was more than offset by a rise of \$183 million in the deficit from non-merchandise transactions from \$638 million to \$821 million. The reduced merchandise balance was due to a decline in imports combined with a rise in exports. The greatest decline in imbalance on merchandise trade occurred in the final quarter of the year whereas there was a continued increase in the deficit from all other current transactions throughout the year. This was distributed among a variety of groups of transactions but the rise was particularly significant in income payments and in payments for transportation and business services and in larger official contributions by the Canadian Government. There was also a notable decline in receipts on defence account with the completion of some defence installations in northern Canada. Gross current transactions were slightly higher in value in 1957 than in 1956 in the case of both receipts and payments.

STATEMENT 1. Summary of the Balance of Payments between Canada and All Countries, 1952-1957

Account	1952	1953	1954	1955	1956	1957	Change in 1957
millions of dollars							
Merchandise exports (adjusted)	4,339	4,152	3,929	4,332	4,837	4,909	+ 72
Merchandise imports (adjusted)	3,850	4,210	3,916	4,543	5,565	5,488	- 77
Balance on merchandise trade	+ 489	- 58	- 13	- 211	- 728	- 579	+149
Other current receipts	1,319	1,339	1,307	1,518	1,784	1,716	- 68
Other current payments	1,644	1,724	1,752	2,005	2,422	2,537	+115
Balance on non-merchandise transactions	- 325	- 385	- 445	- 487	- 638	- 821	-183
Current account balance	+ 164	- 443	- 432	- 698	-1,366	-1,400	- 34
Direct investment in Canada	+ 346	+ 426	+ 392	+ 417	+ 583	+ 520	- 63
Net new issues of Canadian securities	+ 227	+ 189	+ 128	- 18	+ 526	+ 653	+127
Net trade in outstanding Canadian securities	- 94	- 31	+ 63	- 27	+ 199	+ 94	-105
All other capital movements	- 643	- 141	- 151	+ 326	+ 58	+ 133	+ 75
Net capital movement	- 164	+ 443	+ 432	+ 698	+1,366	+1,400	+ 34

Note: Mutual Aid to NATO Countries is not included in either current receipts or payments.

Wide imbalance from transactions with the United States was again the major source of the current deficit, although there was a small decline in imbalance with that country to a deficit of \$1,551

million. This decline in 1957 was less than a relatively large contraction in the current surplus with overseas countries to \$151 million, the lowest since 1950.

Inflows of capital for long-term investment were in 1956 and 1957 much higher than in any earlier year, although inflows in these forms in the latter year at \$1,307 million were less than the total of \$1,423 million in 1956. Insufficient capital in Canada to finance the great volume of investment in the country was again an underlying factor, but some moderating in financial pressures occurred and there was a contraction in inflows in the latter part of 1957 from peak levels in the first half. About one-half of the drop in 1957 was in inflows for direct investment in Canada. Most of this decline was concentrated in capital for manufacturing with inflows for resource development continuing high and constituting the major part of direct investment inflows. On the other hand inflows from transactions in portfolio securities were higher with a rise in borrowing abroad through sales of new issues of Canadian securities. The latter more than offset reduced inflows of capital into outstanding Canadian securities. The remaining contractions in inflows occurred in repayments on government loans and in certain non-recurring types of long-term inflow. The outflow of capital in connection with Canadian direct investments abroad was considerably less in the latter year.

Canada's contribution of Mutual Aid to NATO countries amounted to \$107 million in 1957. These contributions include shipments of equipment and supplies and the provision of training for European aircrews, and being unilateral, do not affect the net current account balance. Credit entries representing the provision of goods and services are offset by corresponding payment entries representing the contributions.

Some Features of the Period of Peak Imbalance

Some of the apparent similarities in key aspects of Canada's international accounts in 1956 and 1957 conceal important underlying differences between the two years. These differences relate for the most part to the direction of change and to the related alterations in the general economic environments both in Canada and abroad which play such a big part in shaping the accounts. The period of greatest relative imbalance was reached in the latter part of 1956 and carried over into the first half of 1957 when allowance is made for the normal effects of differing patterns in each period of the year. Consequently imbalance was rising during 1956 whereas in 1957 it had fallen off sharply by the end of the year.

The effects of this general difference between the two years are most evident when quarterly and other detailed statements are studied. The behaviour of Canadian imports of merchandise in the two years is one of the best illustrations of the changes in direction. While total value of imports was only moderately less in 1957, declines from peak levels were evident throughout much of the year becoming particularly sharp by the final quarter. This contrasts with a strong rising tendency characteristic

of most of 1956. Somewhat similar kinds of trend are evident in some other parts of the accounts as well, particularly in certain types of capital inflow.

One of the most influential factors related to these changes in the two years was the level of business investment in Canada and the business atmosphere surrounding it and the associated pressures which this led to in demands for many kinds of goods and services and for financing. But no single factor can be held up as of sole importance. High levels of activity throughout most of the economy also, of course, played an important part in contributing to the exceptional demand pressures, but it would not be possible to isolate the effects of each. For example, rising levels of personal consumption characteristic of both years directly and indirectly created demands for imports, and the rising business inventories characteristic of the period up to the middle of 1957 also absorbed imports. The effects of the large volume of exports also contributed to demands spreading into imports as a result of the prevailing high incomes. But as reductions in demand for some prominent exports appeared during 1957 this became a significant influence with effects upon business decisions.

Variations in the current deficits in 1956 and 1957 appear more in the composition and sources of the deficits rather than in their size. In the latter year less of the deficit originated from merchandise trade than in 1956 when imbalance in this account was of unprecedented size. But further expansion in the deficit from all other current transactions was enough for these transactions with non-residents to make up over 58 per cent of the deficit in 1957. The contraction in the imbalance on merchandise trade resulted chiefly from a decline late in the year in imports of machinery and equipment and steel which seems to have been related to a contraction in the amount of business investment in the latter part of 1957. On the other hand the rise in the deficit from other current transactions continued throughout the year. Most of this occurred in the income, transportation, and business services accounts with also a contraction in expenditures in Canada on defence installations by the United States Government. Income payments to non-residents have been growing steadily in recent years although not as rapidly as non-resident investments because of earnings retained in Canada for further investment and lags in income transfers.

The period of peak imbalance which occurred in Canada's international accounts in 1956 and 1957 coincides with the period of high general growth in the Canadian economy which was greater than it had been for many decades. Current account deficits of close to \$1,400 million in each year were well over twice the level of the previous year and almost three times the level in the two years before 1955. This disequilibrium in Canada's current account widened in the 1950's as growth reached exceptional levels. Connections between the current imbalance and growth are numerous and far-reaching and close interrelations also exist between inflows of foreign

capital and the current imbalance and general growth as much of the latter has been initiated and financed by non-residents. This has been particularly the case in key areas of development which have influenced more general expansion throughout the economy.

Canadian growth has been most evident in the rapid expansion in population and productive facilities as new investment in capital assets rose to new peaks. A greater diversification of Canadian production has been resulting from the investment. Much of this new productive capacity has been in minerals and other industrial materials produced for export. But there is, of course, some lag between the time of peak investment and the time when new facilities reach the stage of full production. While exports have shown substantial rises the new potential capacity being built up has not yet been full utilized. And, on the other hand, income payments to non-residents have also tended to lag behind investment.

New investments in natural resources and ancillary utilities have characterized the period of peak investment up to 1957. The petroleum and natural gas industry is the most outstanding example of a new resource industry, and the special place which non-resident capital has held in this development is well known. This has been the case in each branch of this integrated industry such as exploration, development, refining, pipelines for oil and gas transmission, and other transportation. Other major developments of resources have included iron ore, uranium, and other metal mining, smelting and refining of nickel and aluminum, the pulp and paper industry, chemicals, and hydro-electric power which plays such an important part in resource development. Non-resident capital has initiated investments in many of the leading projects in these industries and subsequently financed development, particularly when these have taken the form of direct investment of non-resident capital in Canada.

A part of investment activity in Canada which has been particularly influential in shaping the balance of payments is that arising from business investment in new industrial plant and equipment and in other capital facilities. Exceptionally large imports of machinery and equipment and of construction materials and equipment have resulted from much of the business investment in the development of natural resources and primary industries and in other forms of industrial expansion and renovation. In this manner very direct effects upon the balance of payments originated and are clearly evident in the great expansion of some groups of commodities imported like machinery and equipment, pipe and structural steel. But the effects of heavy investment in Canada were felt in other ways as pressures of demands rose from the unprecedented levels of activity in many spheres. These pressures led to the use of foreign resources to supplement Canadian in a variety of ways as imports of goods and services generally expanded and as external sources of

capital supplemented Canadian savings. The flexibility in the balance of payments was an important factor in making such a high rate of growth possible.

Business investment in Canada was at a peak in 1956 and 1957. But in the course of the latter year there was a falling off which was particularly evident in that part of investment in the form of machinery and equipment. Imports of this kind of capital equipment and related materials reached a peak in the early part of 1957 and fell significantly towards the end of the year. Inventories, too, were generally not increasing in the latter part of the year.

Besides the unusual flexibility in imports there had been wide variations in capital inflows for long-term investment described in more detail under Capital Movements. The maximum volume of these inflows coincided in 1956 and 1957 with the peaks in capital investment in Canada. In both years the use of foreign resources amounted to about one-third of net capital formation and net investment directly financed by non-residents amounted to an even larger ratio. This is a higher dependency upon external resources than has been shown for many decades, although it is less than in some periods of exceptional investment such as in that before the First Great War. The size of the capital inflows into Canada has been large in relation to the total value of all non-resident capital investments accumulated in the past before the period of heavy inflows of the 1950's. And earnings retained in Canada have also financed a large amount of growth. Consequently the value of non-resident investments in Canada by the end of 1957 was more than double the value in 1949 with especially high rates of increase in 1956 and 1957 of some 15 per cent and 10 per cent respectively. Further information on the distribution and extent of non-resident investments in Canada will be found in the final section of this report dealing with Canada's International Investment Position.

Quarterly Developments

The broad trends during the period of peak imbalance described above are most clearly evident in quarterly statements. The actual deficits on current account were significantly larger than in 1956 in each of the first two quarters of 1957, slightly less in the third, and much less by the fourth quarter. In most periods the change has been distributed among a variety of items. In the first two quarters of 1957 the larger deficits originated in both the import balance from merchandise trade and in the deficit from all other current transactions. Reductions in the two latter quarters were entirely in the merchandise balance which fell sharply as the deficit from other transactions continued to be higher than in corresponding periods of 1956.

The declining trend in merchandise imports in 1957 was most accentuated in the final quarter and was instrumental in sharply reducing the current

account deficit by virtually eliminating the import balance on merchandise account. As noted elsewhere this was affected by reduced pressures of Canadian demands particularly those related to business investment. Prior to the final quarter declines in imports from the levels of the previous year had been only slight. Relatively small variations in exports from quarter to quarter also had notable effects on quarterly balances particularly in the second quarter when the drop in exports in that period had a major effect on increasing the current deficit. This was followed in the third quarter by a considerable increase in exports which led to reducing the import balance in a period when imports were relatively unchanged.

A consistent rise in the deficit from all other current transactions during 1957 over 1956 is a continuation of a trend evident during 1956 as well, with the exception of the first quarter of that year.

The latter deficit was a little less than that in the first quarter of 1955 when dividend payments had been most exceptionally high. The rising trend in 1957 can be traced largely to the accounts covering income, freight and shipping, and all other current transactions. Increases in the deficit from all non-commodity transactions were substantial in each quarter, but largest in the second quarter. The deficit from remittances of investment income was greater in each of the first three quarters but was slightly less than the exceptional level of the fourth quarter 1956. The deficits on account of freight and shipping and of the group described as "all other current transactions" were higher throughout the year and the rise in the latter was greatest in the final quarter. Leading factors contributing to the latter have been rising payments for business services and miscellaneous income coinciding with reduced expenditures by the United States on defence installations in Canada.

STATEMENT 2. Quarterly Current Account Balances between Canada and the Principal Countries and Areas, 1955-1957

Country or area	1955				1956				1957			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
	millions of dollars											
United States.....	-277	-280	-151	-327	-414	-531	-259	-435	-483	-550	-212	-306
United Kingdom	+ 71	+ 99	+ 68	+ 92	+ 63	+ 34	+ 69	+ 86	+ 24	+ 29	+ 53	+ 36
Other sterling area	+ 22	+ 13	+ 20	+ 5	+ 16	+ 19	+ 2	+ 11	+ 13	- 7	- 12	+ 15
All other countries ¹	- 1	+ 5	- 22	- 35	- 35	+ 42	- 28	- 6	+ 19	-	- 24	+ 5
All countries	-185	-163	- 85	-265	-370	-436	-216	-344	-427	-528	-195	-250

¹ Including other OEEC Countries.

Much the same overall pattern evident in the current account deficits was displayed by movements of capital in the long-term forms which are shown separately in the quarterly statements. These particular forms of capital financed nearly 91 per cent of the deficit for the year; other long-term forms not available on a quarterly basis brought this figure to more than 93 per cent. In the first quarter when 30 per cent of the deficit was incurred, some 25 per cent of the net inflow from direct investment, security, and official loan transactions was received, sufficient to finance about three-quarters of it. In the second quarter when the deficit reached \$528 million and amounted to 38 per cent of the year's total, there occurred 39 per cent of the inflows described, and these were sufficient to finance 94 per cent. And in the third and fourth quarters of the year when the deficits declined, accounting for only 14 per cent and 18 per cent of the year's total, the inflows also fell and represented 21 per cent and 15 per cent respectively of their total for the year. Despite the broad pattern of similarity between the current account deficits

and the movements of capital in long-term forms — influenced somewhat by relationships between investment and import demands referred to elsewhere — movements of capital in short-term forms also played an important part in the financing of Canada's international accounts, particularly over the short run, as will be seen in the figures appearing in the quarterly statements for changes in Canadian dollar holdings by foreigners, changes in official holdings of gold and foreign exchange, and all other capital movements.

These developments were as usual accompanied by shifts of the exchange rate. The price of the United States dollar in Canada rose from 95.97 cents at the end of 1956 to 98.41 cents at the end of 1957. It moved through a low of 94.22 cents in August and a high of 98.62 cents in December, a trading range of 4.40 cents which was slightly wider than for any earlier year since 1952. In general the United States dollar tended to decline moderately into the third quarter. The trading range in the first quarter was only 0.84 cents and in the second

quarter only 1.00 cents. By mid-year the quotation for the United States dollar in Canada had fallen 0.63 cents to 95.34 cents. This trend continued through July and the early part of August when the rate of decline accelerated and a new low for the century of 94.22 cents was established on August 20. Following this, the value of the United States dollar in Canada showed a generally rising trend for the balance of the quarter, closing at 96.44 cents, having traded within a range of 2.34 cents

in the quarter. In the latter part of November and through December, the Canadian dollar weakened and the United States dollar in Canada closed the year at 98.41 cents; the trading range for the quarter was 2.93 cents. The noon averages for the four quarters of 1957 were 95.84 cents, 95.62 cents, 95.25 cents, and 96.82 cents respectively. The noon average of 95.88 cents for the year as a whole compared with 98.41 cents in 1956.

STATEMENT 3. Foreign Exchange Rates: U.S. Dollar in Canada, 1956 and 1957

Quotations reported on transactions between banks in the exchange market

Source: Bank of Canada

Quarter	1956			1957		
	High	Low	Noon average	High	Low	Noon average
Canadian cents per unit						
I	99.97	99.81	99.88	96.34	95.50	95.84
II	99.87	98.00	99.12	96.22	95.22	95.62
III	98.44	97.44	98.03	96.56	94.22	95.25
IV	97.62	95.66	96.62	98.62	95.69	96.82
Year	99.97	95.66	98.41	98.62	94.22	95.88

Closing Quotations: 1956, 95.96875; 1957, 98.40625.

Bilateral Changes

The most outstanding feature of the bilateral pattern in Canada's current account in 1957 was, as in 1956, the exceptionally large size of the deficit with the United States. In each year current payments to the United States for goods and services exceeded receipts by well over \$1½ billion which compares with much smaller deficits in earlier years, which only exceeded \$1 billion in two years before 1956, as shown in Statement 4. Changes in the size of this deficit between 1956 and 1957 were comparatively small with a decline in total from \$1,639 million to \$1,551 million mostly concentrated in the final quarter. This drop of \$88 million was more than offset by a reduction of \$122 million in the current surplus with overseas countries to \$151 million. The latter balance is the lowest in any post-war year apart from 1950, being less than one-half the surplus with overseas countries as recently as 1955 and much less than surpluses in some earlier years like \$1,013 million in 1952.

The sources of the deficit with the United States underwent more changes than the total between 1956 and 1957. The adjusted import balance on commodity account was down \$220 million while the deficit from non-commodity current transactions was up \$132 million. Trends in both imports and exports contributed to the first change. The chief drops in Canadian imports which occurred in the latter part of 1957 were concentrated in purchases

from the United States and were particularly substantial in groups of commodities which had been at most exceptional levels in the period of peak imports like machinery and equipment and other metal products. But in contrast special strength in exports to the United States in a few commodities like uranium, cattle, and petroleum was enough to raise the total exported to that country even though demand softened for some leading exports to the United States. The gain of \$132 million in the deficit from non-commodity transactions with the United States was chiefly due to rises of \$48 million in net income remittances and \$80 million in miscellaneous transactions. The expansion in transfers of income occurred in both interest and dividends reflecting larger United States investments in public issues of bonds and stocks and a growth in remittances of earnings on the enlarged United States direct investment in Canada. The sharp increase in net payments for miscellaneous services reflects reduced expenditures on defence in Canada by the United States Government and larger transfers to the United States for business services and of miscellaneous income. Deficits with the United States from other groups of transactions like travel and freight and shipping remained substantial, although they did not change significantly.

With the United Kingdom there was a sharp contraction in Canada's current surplus from \$252 million to \$142 million between 1956 and 1957. This is a smaller surplus than in any other post-war

year except for 1950 and 1953. The change resulted from a reduction on commodity account of \$96 million and an enlarged deficit from all other transactions which was greater by \$14 million. The decline in the commodity balance resulted from reduced exports and increased imports commented on under merchandise trade. The deficit from non-commodity transactions at \$87 million is larger than in any earlier post-war year. A considerable

part of the increase in the year springs from larger payments and reduced receipts on freight and shipping account and on income account, and larger payments for miscellaneous transactions which more than offset a substantial rise in immigrants' funds, and a slight reduction in the deficit on travel account, although the latter remains of significant size.

STATEMENT 4. Summary of Current Account Balances between Canada and the Principal Countries and Areas, 1948-1957

Country or area	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	Change in 1957
millions of dollars											
United States	-393	-601	-400	-951	-849	-904	-807	-1,035	-1,639	-1,551	+ 88
United Kingdom	+486	+446	+ 24	+223	+388	+133	+229	+ 330	+ 252	+ 142	-110
Other sterling area	+129	+135	- 23	- 24	+114	+ 83	+ 44	+ 60	+ 48	+ 9	- 39
Other OEEC countries	+226	+185	+108	+223	+332	+173	+ 93	+ 24	+ 17	+ 29	+ 12
All other countries.....	+ 3	+ 12	- 43	+ 12	+179	+ 72	+ 9	- 77	- 44	- 29	+ 15
All countries.....	+451	+177	-334	-517	+164	-443	-432	- 698	-1,366	-1,400	- 34

There was a contraction in the balance with the Rest of the Sterling Area from a surplus of \$48 million in 1956 to one of \$9 million for 1957. Most of this occurred on commodity account with reduced exports and increased imports. The balance of all other transactions did not change appreciably. Larger official contributions under the Colombo Plan were mainly offset by a little smaller surplus from all other current items. Changes in individual current items were numerous but not significantly large.

The relatively small current account balance with O.E.E.C. countries of \$29 million in 1957 (compared with \$17 million in 1956) again concealed much larger imbalance in leading groups of transactions with these countries. On commodity account the export surplus expanded from \$150 million to \$179 million mainly from appreciably larger exports accompanied by a small increase in imports. Offsetting part of this was a rise of \$17 million to \$150 million in the deficit from non-commodity transactions. The leading contributions to this imbalance continued to be large Canadian military expenditures in Western Europe and travel expenditures supplemented by small deficits from income transfers and from freight and shipping transactions. A variety of changes in both directions resulted in the larger deficit from "invisibles".

The deficit with all other countries was reduced from \$44 million to \$29 million by the effects of a smaller deficit on merchandise trade from a larger rise in exports and a smaller surplus from all other current transactions.

The net inflow of capital from the United States in 1957 is estimated to have been \$1,038 million, compared with a revised figure of \$856 million in

1956. At this rate it covered nearly three-quarters of the current account deficit with all countries and about two-thirds of the larger deficit arising from transactions with the United States alone. These proportions compared with 63 per cent and 52 per cent respectively for 1956. The net inflow of United Kingdom capital was \$235 million compared with \$299 million in 1955, and that from other overseas countries was \$127 million compared with \$211 million in the earlier year.

The current account surplus with the United Kingdom and with other overseas countries fell from \$273 million to \$151 million and at the same time the net capital inflows for these countries fell from \$510 million to \$362 million. As a consequence multilateral settlements from overseas countries which had on balance provided \$783 million for the settling of Canada's net deficit with the United States in 1956, supplied only \$513 million in 1957. Despite the continuation of capital inflows from overseas countries at a high level, the current account surplus with these countries was sufficiently reduced to lead to a lower level of multilateral settlements in 1957 than in any year since 1951. The current account deficit with the United States was somewhat smaller and the net capital import from that country was higher than in 1956; the net difference between the two of \$513 million was accounted for by the exchange transfers arising from transactions with overseas countries.

Major Components of the Current Account

Merchandise Trade

Substantial and variable import balances in Canada's merchandise trade of \$211 million, \$728 million, and \$579 million respectively have been special features of Canada's current account deficit

in each of the years 1955, 1956, and 1957. Although imbalance from this source was greatest in 1956 and receded in 1957, exceptionally large amounts of imbalance first appeared in the latter half of 1955 and continued into the first half of 1957. This period of peak imbalance was followed by a sharp contraction in the second half of 1957.

Trade has been at unprecedented levels in recent years and with such high totals of total trade it takes only relatively small changes in exports or imports to greatly alter the balance of trade. The greatest variations have occurred in imports which expanded rapidly in 1955 and 1956 continuing in the first half of 1957 at unprecedented levels, to be followed by a decline which was quite sharp towards the end of the year. The extent of the disequilibrium was moderated however, by a substantial growth in exports in 1955 and 1956 and by a maintenance of the total value in 1957. The largest changes in the commodity balance have been in trade with the United States with the import balance with that

country rising sharply in 1955 and 1956 and contracting significantly in 1957, although the export balance with the United Kingdom fell in the two latter years following a rise in the former.

The proportions of the current account deficits which have been made up by the import balance have fluctuated widely in recent years. In 1957 some 41 per cent of the total deficit was made up by the merchandise deficit compared with almost 53 per cent in 1956 and some 30 per cent in 1955.

It should be noted that all merchandise trade figures used in the balance of payments statements have been adjusted for that purpose. Figures used therefore, differ from regularly published trade statistics which include some movement of goods which are not relevant for balance of payments purposes and exclude some other transactions belonging to these statements, as described at the end of the note on this item.

STATEMENT 5. Prices, Physical Volume and Terms of Trade of Domestic Exports and Imports, 1950-1957
(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	117.7	110.5	106.5	118.3	160.3
1956	121.4	113.0	107.4	128.3	190.0
1957	121.3	116.6	104.0	129.8	182.2
1956 I	120.0	113.8	105.4	112.2	168.9
II	121.8	113.4	107.4	131.9	208.6
III	121.8	112.3	108.5	133.3	186.2
IV	122.3	113.0	108.2	135.2	195.5
1957 I	122.2	116.1	105.3	116.8	177.0
II	122.1	116.9	104.4	126.8	199.9
III	121.2	116.0	104.5	137.6	181.3
IV	120.5	117.4	102.6	137.0	170.4

Note: Indexes indicate movements in unadjusted trade data.

Exports

A slight rise in the total value of all exports from Canada in 1957 conceals more divergent trends than have appeared in recent years. Although there continued to be further substantial rises in exports of some commodities where export capacity has

been growing, there was a levelling off, and in some cases a decline in the values of some leading export staples.

The growing diversification of Canadian production and exports resulting from the new investment in export industries of recent years is evident

in the changing pattern of commodities entering Canada's export trade. Materials for industry like forest products, metals, and minerals have been increasing in importance while the relative position of wheat and some other agricultural products has declined. In addition to new products for export like iron ore, petroleum, uranium, and various other minerals and industrial materials, there have been general increases in the productive capacity of more traditional staples like pulp and paper, nickel, aluminum and copper, to mention only a few.

The general expansion in production of industrial materials has been a leading factor behind the growth in total exports. This was again the case in 1957 even when demands for some industrial materials weakened. Along with this was a sharp contraction in sales of wheat from the high level of 1956 and of other grains. In addition there was a further substantial decline in exports of lumber and in the value of copper, while commodities where exports have been expanding in recent years like aluminum, lead, zinc, and wood pulp also showed some declines. On the other hand exports of some other staples like newsprint, nickel, asbestos, chemicals, and iron ore continued to rise in value, although generally not so much as in preceding years. Larger rises both proportionately and in absolute size occurred in petroleum, uranium, cattle, seeds, primary steel, and used ships, usually as a result of special demand factors. Exports of some manufactured goods also rose appreciably, but restrictions and competition abroad continued to impede general expansion in sales of Canadian secondary production.

The United States was the market for close to 60 per cent of Canadian exports in 1957, with a slight increase in both this ratio and the total value of all commodities exported. But as in the case of trade with all countries trends were quite mixed and the increased total was the result of large rises in a few commodities like uranium, petroleum, and cattle. A few other leading commodities like alu-

minum and nickel showed more moderate gains while some of the major export staples like lumber, pulp and paper, and copper and lead receded.

There was little change in total exports overseas but some variations occurred in shipments to different markets. Increases to the OEEC countries, Latin America and Japan were chiefly offset by reductions in exports to the United Kingdom, the Rest of the Sterling Area, and Eastern Europe. While there were declines in exports of grain overseas, rises in a variety of industrial materials like forest products, metals, and some other commodities were enough to maintain totals.

The proportion of exports to the United Kingdom dropped to 15 per cent in 1957 with considerably less wheat, barley, and aluminum exported than in 1956. But sales to the United Kingdom of forest products and some other metals, minerals, and chemicals and certain agricultural products rose.

A moderate decline which occurred in total exports to the Rest of the Sterling Area was largely concentrated in trade with the Union of South Africa where there had been substantial exports of military aircraft in the previous year.

The increase in exports to OEEC countries marks a further large rise over that in the previous year. The largest rises were in shipments to Germany, Italy, and the Netherlands with continued gains in exports of metals and other industrial materials which more than offset some declines in wheat.

Exports to all other countries were higher in total. This was chiefly a result of larger shipments to Latin America and Japan which were only partly offset by reduced exports of grain to Eastern Europe. A large part of the gain to Latin America was from inclusion of old ships to Panama, while the higher total to Japan included more of some industrial materials than in the previous year.

STATEMENT 6. Adjustments to Merchandise Trade, 1956 and 1957

Exports	1956	1957	Imports	1956	1957
	millions of dollars			millions of dollars	
Domestic exports in trade returns	4,789.7	4,839.1	Imports in trade returns	5,705.4	5,623.4
Exports of foreign produce	73.4	95.3			
Total exports	4,863.1	4,934.4			
Adjustments:			Adjustments:		
Tourist exports	- 3.0	- 2.3	Tourist imports	- 75.2	- 77.4
Settlers' effects	- 27.7	- 33.7	Settlers' effects	- 31.8	- 41.8
Private donations	- 1.6	- 1.7	Advertising	- 7.9	- 8.2
Warehousing	+ 5.3	+ 5.4	Warehousing	+ 16.5	+ 14.9
All other adjustments	+ 0.6	+ 7.2	All other adjustments	+ 42.4	+ 22.8
Total adjustments	- 26.4	- 25.1	Total adjustments	- 140.8	- 135.3
Merchandise exports (adjusted)	4,836.7	4,909.3	Merchandise imports (adjusted)	5,564.6	5,488.1
(Table I, item A1)			(Table I, item B1)		

Imports

Canadian imports were at exceptionally high levels in both 1956 and 1957. Both years were around one-fifth higher than the level in 1955. The total value in 1957 was only slightly less than in 1956 and the composition was not significantly dissimilar. Exceptionally high levels of all types of imports were general with special emphasis on imports of investment goods and industrial materials. But general similarity in features between the two years conceals the distinct changes underway in each year. Whereas imports were rising rapidly in 1956, a decline occurred in 1957 which became quite pronounced by the last quarter. The highest levels were reached in the latter part of 1956 and were carried over into the early part of 1957.

The greatest contrasts in the size and composition of imports in 1957 stand out when comparison is made with a year like 1955 before the more exceptional peak levels were reached. But even in that year Canadian imports had reached a level well above that in any earlier year. While increases over 1955 were general in both 1956 and 1957 for most commodities, the widest expansion occurred in groups of commodities closely related to investment of which outstanding examples are provided by machinery and equipment and steel. For example, the gain in imports of non-farm machinery amounted to some two-fifths between 1955 and 1956 and the total for 1957 remained at this high level. With rolling mill products the value was some four-fifths greater by 1956 but the level had fallen off in 1957. And with pipes, tubes and fittings the total was much more than double in 1956 and was still higher in 1957. Other imports of iron and products also share in the more conspicuous gains and the rise in these groups of commodities contributed more than three-fifths of the rise in total imports between 1955 and 1956. But in 1957 most of the small declines in total imports occurred in the same group of iron and products, although this group remained much higher than in any year before 1956.

More important than small year-to-year changes in imports between 1956 and 1957 are the declines which set in during the latter year. By the end of the year these had become quite pronounced and drops were most conspicuous in many of the groups of commodities which had risen so sharply in 1956 and in the early part of 1957. These were the commodities more closely related to investment activity, such as machinery and equipment and industrial materials of iron and steel. Smaller declines occurred in some other industrial materials while imports of consumer goods and materials used in their production tended to be sustained.

Sources of Canadian imports underwent some changes in 1957 as the proportion bought in the United States dropped to 71.2 per cent from 73.0 per cent. This resulted from a reduction in imports from the United States occurring at a time when more was imported from overseas. A drop of \$143 million in the value of imports from United States

was spread over a number of commodities. In some cases like automobiles imports had been unusually high due to exceptional circumstances in the earlier year. But other declines were most evident in the final quarter of the year in those commodities noted above in which trends have been more volatile.

Imports from the United Kingdom showed more expansion than from other sources, rising \$27 million or some 5 per cent. This impetus was largely due to increased imports of such commodities as machinery, automobiles, aircraft and pipes.

Imports from OEEC countries were also higher by some 5 per cent and again were distributed chiefly among a variety of manufactured goods from different countries. Among the more notable increases were automobiles from Germany.

The gain in imports from the Rest of the Sterling Area was mainly concentrated in higher imports of sugar and alumina.

With other countries a slight rise in total conceals a variety of offsetting changes with the largest single gain being in petroleum from Venezuela, and the largest decline a drop in purchases of cotton from Mexico.

While import prices rose unevenly during 1957 to a level averaging more than 3 per cent above 1956, there was little change in the corresponding average of export prices, although there was a decline of some 2 per cent during the year. The resulting deterioration in the terms of trade was therefore some 3 per cent in 1957. Trends in the prices of major groups of commodities were more divergent than the averages. While there was substantial drop in the prices of some non-ferrous metals and other primary products during the year, the prices of some other major export commodities were higher than in the previous year. Some of the more significant price rises in imports were in metal products and other manufactured goods and in petroleum, while the price of some imported agricultural products fell.

Gold available for export at \$147 million was slightly less in value in 1957 than the \$150 million value in the previous year. Although the quantity produced was somewhat higher, the value in Canadian dollars was less, being influenced by a lower average value of the United States dollar in Canada. This item, it should be noted, does not precisely coincide with production as changes in stocks are excluded, such as those held in safe-keeping at the Mint for the account of mines. The item since November 1, 1951 has reflected the sale of gold to the Exchange Fund by the Mint, a small amount exported in the form of concentrates, and sales abroad of commercial gold by producers. Also included since April 1956 have been relatively small sales, by mines not receiving financial assistance from the government, to non-residents or residents either for export or safe-keeping in Canada. The latter change followed removal of the remaining

restrictions on the sale of gold in Canada or elsewhere announced by the Minister of Finance in March, 1956.

As statistics of merchandise trade generally cover movements of goods through customs channels there are included some transactions which are either not relevant for balance of payments purposes such as settlers' effects or which are covered in other items in statements of the balance of payments such as tourist imports. When used in the latter statements it is therefore necessary to adjust the regularly published statistics of the Trade of Canada for this special purpose. The extent of these

adjustments is shown in statement 6. In both 1956 and 1957 the net deductions from the Trade Statistics did not vary greatly but the effect of the adjustments was to reduce significantly the deficit on merchandise account by \$114 million and \$110 million respectively from that shown in statements of the Trade of Canada. The nature of some of the adjustments is indicated by the headings of items shown in Statement 6. In addition there were significantly variable adjustments included in arriving at the item "all other adjustments" covering transactions on defence account and purchases of ships and aircraft.

STATEMENT 7. Major Components of Canada's Current Account with All Countries, 1951-1957

Account	1951	1952	1953	1954	1955	1956	1957	Change in 1957
millions of dollars								
Merchandise exports (adjusted)	3,950	4,339	4,152	3,929	4,332	4,837	4,909	+ 72
Merchandise imports (adjusted)	4,097	3,850	4,210	3,916	4,543	5,565	5,488	- 77
Balance on merchandise trade	- 147	+ 489	- 58	+ 13	- 211	- 728	- 579	+149
Gold production available for export	+ 150	+ 150	+ 144	+ 155	+ 155	+ 150	+ 147	- 3
Travel expenditures	- 6	- 66	- 63	- 84	- 121	- 161	- 162	- 1
Interest and dividends	- 335	- 268	- 239	- 276	- 323	- 381	- 444	- 63
Freight and shipping	- 3	+ 8	- 56	- 43	- 17	- 45	- 75	- 30
Inheritances and migrants' funds	+ 7	- 9	-	- 5	- 19	- 16	+ 2	+ 18
All other current transactions	- 183	- 140	- 171	- 192	- 162	- 185	- 289	-104
Balance on non-merchandise transactions	- 370	- 325	- 385	- 445	- 487	- 638	- 821	-183
Current account balance	- 517	+ 164	- 443	- 432	- 698	-1,366	-1,400	- 34

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

Travel Expenditures

The deficit on travel account between Canada and other countries in 1957 remained at the level of some \$162 million in 1956 as both receipts and payments rose by corresponding amounts. This stability in the balance of expenditures contrasts with increases which occurred in each earlier year since a deficit first appeared in 1951 and with the balance of receipts characteristic before that year. The rise in receipts from non-resident travel expenditures in Canada was greater than in any recent year, while the rate of increase in Canadian travel expenditures abroad was less than has been the case for many years even though these outlays rose to \$525 million from \$498 million in 1956.

The rise in receipts from \$337 million to \$363 million was distributed between travellers from the United States and overseas, with \$16 million more receipts in 1957 from the United States and \$10 million more from overseas. The latter increase represents a relatively quite substantial rise and includes enlarged revenues of Canadian companies in the field of international transport as well as

expenditures on travel in Canada by overseas visitors. During part of the year United Kingdom travellers were permitted to travel in Canada under a basic travel ration of £100 in contrast to the long period of years when this was not available. The rise of 5 per cent in expenditures by visitors from the United States is appreciable in comparison with the relative stability of these expenditures in the two preceding years. As the number of longer term visitors from the United States was up only slightly, the increase was chiefly due to larger per capita spending in a year of high incomes and consumption in the United States. The premium on the Canadian dollar which was high during the season peak travel was again considered by many to be a deterrent to long visits.

Canadian expenditures on travel overseas again rose at a higher rate than expenditures in the United States, but the 14 per cent increase in expenditures overseas to \$122 million is less than the rise of 24 per cent in 1956. The level of these expenditures was in 1957 more than twice as high as the level as recently as 1953 and has been growing much

more rapidly than corresponding expenditures on travel overseas by residents of the United States. In 1957 about \$95 million was spent in Europe or paid to European carriers and the total was fairly evenly divided between the United Kingdom and the other OEEC countries with more rise during the year in the latter portion. Travel to Europe includes many newcomers to Canada returning home to visit

friends and relatives, and surveys of this traffic disclose that this factor tends to hold down the average expenditures of many. Travel expenditures in the Rest of the Sterling Area including Bermuda and the British West Indies rose to \$11 million in 1957, and in other countries including Latin America and Hawaii the total has risen to \$16 million.

STATEMENT 8. Travel Expenditures between Canada and Other Countries, 1948-1957

Year	Account with United States			Account with Overseas Countries			Account with All Countries		
	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments	Net
millions of dollars									
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
1956	309	391	- 82	28	107	-79	337	498	-161
1957	325	403	- 78	38	122	-84	363	525	-162

In the case of Canadian expenditures on travel in the United States the rise of some 3 per cent to the new peak of \$403 million was more moderate than for some years. The increase was again in higher expenditures of Canadians travelling by automobile with more persons travelling to the United States by that means. Travellers by other means of transportation declined significantly in number but their expenditures were about the same as in the previous year. While increases occurred in travel by plane and bus, there were greater declines in travel by rail and boat. There was little change in purchases of merchandise declared under the \$100.00 customs exemption privilege with these continuing to represent some 18 per cent of the total amount spent by Canadians while travelling in the United States.

Income Account

The deficit on account of interest and dividends again rose sharply in 1957 to a new peak of \$444 million from \$381 million in 1956. This reflects a rapid rise from the lowest post-war deficit of \$239 million which occurred in 1953 and compares with a previous peak of \$384 million for 1950. This balance of payments was also much higher in 1957 than at any earlier time comparing with \$289 million in 1930 which was the highest deficit in any inter-war year. While strong factors have been at work increasing payments rapidly, this has not been the case with receipts of interest and dividends which have been relatively stable apart from some special circumstances described below.

The rising volume of investments of non-resident capital in Canada has been the chief influence upon the growth in payments. Until 1956 this influence was shown chiefly in the rapid increases in dividends and profits as interest on Canadian bonds and debentures was relatively stable in total between 1954 and 1956. But in 1957 some of the net effect of Canadian borrowing through the sale of new issues of Canadian bonds was shown in a rapid rise in payments of interest to non-residents. Interest actually paid during the periods rose from \$128 million in 1956 to \$154 million in 1957, but, of course, the interest payable on borrowings in 1957 was only partly included in payments in that year. Annual amounts of interest payable on borrowing up to the end of 1957 were therefore considerably higher than the actual payments in the year and not far below the totals payable in the period of peak interest payments which occurred between 1930 and 1932. In those earlier years payments ranged from \$171 million to \$180 million including some substantial premiums on United States dollars in part of that period in contrast to discounts on United States dollars acquired for payments in 1957. Borrowing subsequent to 1957 from the sale of new issues has added further to the interest bill. The rates of interest applying to the new bond issues which have been sold also have added to the size of the payments as these have been considerably higher than much of the external debt which was originally issued when interest rates were lower.

Dividends paid to non-residents on the other hand, had grown in 1957 to a level about twice that of 1947 and between two and three times that in

1937, and more than four times that in 1927. The rate of increase has been substantial in each of the three years from 1953 to 1957, being 11 per cent in the latter single year. Part of this increase arises from higher rates of return or larger remittances on some investments which have been in existence for over a long period. Another part comes from new

portfolio investments in stocks of established public companies, while other dividends and profits arise from earnings on new direct investment after these reached a stage of profitability. But many of the new investments in branches and subsidiaries of recent years had not yet reached the stage of earnings sufficient for transfer by 1957.

STATEMENT 9. Receipts and Payments of Interest and Dividends between Canada and Other Countries, 1946 - 1957

Year	Account with United States					Account with United Kingdom					Account with All Countries				
	Receipts		Payments		Net	Receipts		Payments		Net	Receipts		Payments		Net
	Inter- est	Divi- dends	Inter- est	Divi- dends		Inter- est	Divi- dends	Inter- est	Divi- dends		Inter- est	Divi- dends	Inter- est	Divi- dends	
	millions of dollars														
1946	8	39	101	149	-203	1	6	21	33	-47	13	57	125	187	-242
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	15	63	107	281	-310	25	16	16	59	-34	54	106	127	356	-323
1956	21	59	107	320	-347	2	12	16	57	-59	38	104	128	395	-381
1957	27	64	129	357	-395	2	8	17	61	-68	44	105	154	439	-444

And with many of the established direct investments earnings were retained in Canada for corporate reasons and therefore not included as balance of payments transfers. These potential transfers might be used in Canada for a variety of corporate purposes usually connected with expansion or high levels of business. In 1956 the direct investment earnings retained in Canada are estimated to have been some \$435 million, or substantially larger than the remittances of \$309 million in the form of dividends, profits, and bond interest in that year on direct investments. And again in 1957 when remittances by this group of companies rose to an estimated \$342 million retained earnings appear from available data to have been still large in relation to remittances, although less than in the previous year. The above totals remitted on direct investments are chiefly comprised of dividends with only a small amount of interest on bonds held by parent companies. Dividends paid by Canadian companies to non-residents on portfolio investments in stocks rose from \$94 million in 1956 to an estimated \$106 million in 1957, both figures being considerably higher than in any earlier post-war year.

Receipts of interest and dividends at \$149 million were slightly higher in 1957 than in 1956. The level in both years was considerably less than earlier because of the deferment of some \$23 million of interest on the 1956 loan to the United Kingdom in both years. Receipts of other interest in 1957 were slightly higher reflecting higher interest rates

on United States bonds. There was little change in the total receipts of dividends as higher dividends from direct investments in the United States were partly offset by reduced receipts from direct investments in the United Kingdom.

In addition to the above deficit of \$444 million on account of interest and dividends there was a deficit of \$26 million from miscellaneous income transactions bringing the net payments on account of all investment income transactions to \$470 million. The deficit from miscellaneous income transactions was much larger than in 1956 when payments exceeded receipts by \$10 million. The principal change increasing the deficit was a rise of \$18 million in this group of payments to a total of \$82 million. This rise was chiefly concentrated in remittances of profits by non-resident insurance companies in Canada. Other substantial payments which continued at levels close to the previous year included remittances of income by trust companies, interest on mortgages in Canada and interest on loans and advances to subsidiaries by parent companies abroad. Receipts of miscellaneous income were only slightly higher and included transfers to home offices of Canadian financial institutions of earnings from outside of Canada, as well as other income not included elsewhere.

It is notable that the amount of income remitted to non-residents has not risen as much as the rise in investments in the post-war period. Between 1946

and 1957 payments of interest and dividends have risen by \$281 million from \$312 million to \$593 million while between the beginning of 1946 and the beginning of 1957 the value of foreign investments in Canada rose \$8.5 billion from \$7.1 billion to \$15.6 billion with a further rise of \$1.5 billion in 1957. Similar comparisons over more recent periods show an even greater lag in income remittances in relation to the great expansion in foreign investments in Canada. The disparity between growth in investment and in income is concentrated in the field of direct investments. Income remitted abroad on direct investments between 1946 and 1957 is a little more than double, rising by \$195 million from \$147 million in 1946 to \$342 million in 1957. In

contrast the value of direct investments in Canada had more than tripled even by the beginning of 1957 with a further sharp rise during 1957. Some of the reasons for the failure of income remittances to keep pace relatively with the rise in investments have been referred to above. Besides the lags in income remittances there are now larger amounts of earnings retained in Canada than in early post-war years. When account is taken of retained earnings the apparent total earnings of non-residents on all investments in Canada (including interest, dividends, and miscellaneous investment income remitted) were again in the neighbourhood of \$1 billion as in 1956. In the early post-war years the apparent total earnings were less than one-half this amount.

STATEMENT 10. Freight and Shipping Transactions between Canada and Other Countries, 1952-1957

Item	1952	1953	1954	1955	1956	1957
millions of dollars						
Receipts by Canada						
Ocean shipping:						
Canadian operated ships:						
Gross earnings on exports	56	58	61	78	76	68
Charter receipts	13	7	3	9	20	20
Revenues between foreign ports	33	17	18	28	40	35
Sub-total	102	82	82	115	136	123
Expenditures of foreign ships in Canada	43	41	35	45	48	42
Gross shipping receipts	145	123	117	160	184	165
Inland freight on exports	201	161	159	185	204	194
Intransit revenues	29	29	29	32	33	31
Other receipts	8	5	8	21	36	41
Gross receipts (Table 1, item A6)	383	318	313	398	457	431
Payments by Canada						
Ocean shipping:						
Expenditures abroad of Canadian shipping companies and charter payments	64	60	67	95	104	108
Freight on imports via Canadian ports	71	75	66	77	105	110
Gross shipping payments	135	135	133	172	209	218
Inland rail freight in U.S. on imports:						
Coal via vessel	48	48	39	40	53	50
Coal via rail	33	26	22	20	25	16
Other rail freight	117	121	112	121	143	142
Sub-total	198	195	173	181	221	208
Miscellaneous payments	42	44	50	62	72	80
Gross payments (Table 1, item B6)	375	374	356	415	502	506

Freight and Shipping Transactions

The deficit from freight and shipping transactions rose from \$45 million to \$75 million in 1957 as a result of a falling off in receipts and a slight gain in payments. This is a larger deficit than in any earlier year and contrasts with surpluses characteristic of the early post-war years when there was a large merchant marine owned in Canada and a smaller volume of imports.

A decline in receipts of \$26 million was both from the earnings of Canadian operated ships and from inland freight on exports. A smaller Canadian-owned merchant marine accounts for part of this

decline as further ships were sold during the year and some vessels were not operated during the whole year because of labour disputes. An important contributor to the remaining earnings continued to be earnings of Canadian operators chartering vessels from other countries. But in connection with these operations there are large outlays abroad for time charters and other purposes. Receipts from inland rail freight on exports were lower from both United States and overseas with a changing composition of commodity exports. But there was a further gain of pipeline earnings on exports of petroleum and earnings on the transportation of iron ore by inland waterways continued around the level of the previous year.

There was only a slight rise in total payments for international transportation. Most groups of payments were higher except for freight on coal which was significantly less with a drop in imports of this commodity. There were larger expenditures abroad from time charters for tankers and dry tonnage and from other shipping outlays. There was also an increase in ocean freight paid on Canadian imports with a larger volume of imports from overseas countries, and generally higher liner rates on some principal routes to Canada. On the other hand voyage charter rates on average were considerably lower than in the previous year. Payments to United States railways on imports continued close to the level of 1956, while there were increased outlays for other types of transportation in the United States, including pipe line charges.

Inheritances and Migrants' Funds

As a further increase occurred in receipts of immigrants' funds in 1957 there was a small surplus of \$2 million on account of inheritances and migrants' funds in contrast to a deficit of \$16 million in 1956 and deficits in other years since 1951.

The sharp expansion in immigration to Canada gave rise to the largest change. Immigration amounting to some 282,000 persons was at a post-war peak, having risen from some 165,000 persons in the previous year. About one-half the increase in numbers was from the United Kingdom with the remain-

ing increase being mainly divided between Northern Europe and elsewhere. A considerable number of the latter group were refugees from Hungary. In addition an increased number of Canadians returned from the United States. As a result of these diverse movements of people there was an increase in transfers of migrants from all parts of Canada to an amount estimated at over \$100 million, a rise of some 30 per cent over the 1956 level, bringing the total of receipts from migrants and inheritances to \$124 million, about one-quarter larger than 1956 and even higher above any earlier post-war year.

There was also a rise in the volume of immigration from Canada to the United States and overseas which led to increases in outflows of funds, more moderate however, than increased receipts from immigration.

Miscellaneous Current Transactions

The deficit from miscellaneous current transactions widened to \$289 million in 1957 following a deficit of \$185 million in 1956, which had been higher than in any earlier year except 1954. This substantial change was the result of dual changes: a drop of about 10 per cent in receipts, and a rise of about some 9 per cent in payments. Almost two-thirds of the rise in the net deficit came from a sharp decline in the surplus from transactions on government account, but each of the other groups of transactions showed a larger deficit as well.

STATEMENT 11. Miscellaneous Current Transactions with All Countries, 1956 and 1957

Item	1956			1957		
	Receipts	Payments	Balance	Receipts	Payments	Balance
	millions of dollars					
Official contributions	—	30	- 30	—	37	- 37
Government transactions, n.o.p.	219	139	+ 80	160	146	+ 14
Personal and institutional remittances	23	79	- 56	24	83	- 59
Miscellaneous income ¹	54	64	- 10	56	82	- 26
Business services and other transactions	146	315	-169	155	336	-181
Total (Table 1, items A11 and B9, 11)	442	627	-185	395	684	-289

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

At \$14 million the surplus from government transactions was less than in any year since 1954. The reduced surplus was mainly the result of a lower level of expenditures in Canada on defence establishments and installations by the United States Government. At the same time expenditures of the Canadian Government abroad, apart from contributions, and military procurement were slightly higher at \$146 million. Some two-thirds of the latter figure is represented by expenditures on defence account, chiefly in Europe. Included in the item is the cost of maintaining the Canadian military bri-

gade and air force squadrons in Western Europe forming part of Canada's share of the NATO force, and also the Canadian share of the United Nations' force in the Middle East.

Canada's contribution of Mutual Aid to NATO countries of \$107 million in 1957 is additional to the above expenditures and is shown in separate offsetting items of the annual statements of the current account. This aid continued to be made up of military equipment and supplies shipped to Canada's NATO partners and the provision of train-

ing to NATO aircrews in Canada. Both types of aid were less than in the previous year. In the period since 1950 when this form of aid was introduced up to the end of 1957 the total actually extended has been in excess of \$1,400 million. Because of the special character of this military assistance Mutual Aid to NATO countries has not been reflected in current account balances. Amounts of similar size are entered in current receipts to cover the export of goods and services and in current payments to represent the contributions in current account statements with all countries. These special exports do not appear in regular statistics of Canadian trade with Canada's NATO partners, nor in balance of payments statements with individual countries or groups of countries.

On the other hand exports of Canadian goods to countries receiving assistance under the Colombo Plan are included in export statistics and entries appear in the special item of current debits representing Official Contributions for this and other types of official economic aid. Official Contributions in 1957 amounted to \$37 million compared with \$30 million in 1956. Most of this covered the provision of commodities, equipment and services to countries in South and South East Asia which are financed out of Canada's contribution under the Colombo Plan. The largest amounts during the year went to Pakistan and India, with smaller amounts to Ceylon and Malaya and to other countries outside the Commonwealth. There was also technical assistance under the Colombo Plan to a larger group of countries. Other forms of aid including Canadian assistance through various international organizations as well as some more direct forms of aid from Canada made up a small part of the total and were chiefly to countries outside of the Commonwealth. Direct expenditures by the Canadian Government on assistance to Hungarian and other immigrants coming to Canada are covered elsewhere among government expenditures.

Personal and institutional remittances have been resulting in larger deficits in recent years. In 1957 the excess of payments over receipts is estimated at \$59 million which is slightly larger than in the previous year and considerably larger than in the early post-war years. One important factor influencing the growth in payments has been the large volume of immigration in recent years with the close personal ties with overseas countries which this brings.

The item "business services and other transactions" included in the miscellaneous account continued to expand in 1957 and resulted in a deficit of some \$181 million compared with \$169 million in 1956, when all these transactions are grouped together. Underlying influences behind the growth in this group of expenditures include high levels of business activity and the exceptional amount of investment in Canada. With so much new investment in Canada in the direct investment category there have been large elements of cost for the initial investments which have been incurred in the United

States particularly for non-resident engineering and technical services used in the projects. And subsequently with the establishment of the direct investments there are usually appreciable head office expenses incurred in operations.

The range of items covered in this group of transactions is very wide but may broadly be described as business and personal services. Some of the largest groups of these transactions are those between the branch and subsidiary companies and head offices and affiliated companies as already noted. These transactions cover, among other items, such head office charges as those for administration and management, engineering, research and advertising. This group of payments to home offices is very large and in recent years reported payments have been rising and are now well in excess of \$100 million per year. There is also a great variety of payments for services between unrelated parties for the many commercial, financial and professional services forming a part of Canada's business life where one party is a resident of the United States or overseas. Included are such items as royalties, copyrights, advertising, engineering and technical services, and commissions, to mention only a few. Earnings of migrant labour and international commuters also are entered in this account and there are large entries for the international expenditures of airlines and other transportation expenses not forming part of the freight and shipping account. Some international insurance transactions are also included in the item of business services but these are not relatively large and are chiefly offsetting as most insurance transactions affecting the balance of payments are covered under miscellaneous income in the case of profit transfers and among security transactions in the case of capital movements.

Miscellaneous income transactions resulted in net payments of \$26 million in 1957 compared with \$10 million in 1956. The composition of these transactions is described above in the note on the Income Account.

Capital Movements

Summary

Capital investment in Canada for the year 1957 as a whole was even higher than the unprecedented levels of 1956. This coupled with generally high levels of economic activity, gave to 1957 many of the characteristics of 1956 discussed in last year's report. Canada drew substantially on the resources, real and financial, of the rest of the world. But whereas the earlier year was one of mounting pressures, 1957 saw some general tendencies toward moderation, as some forms of investment declined during the year. For the year as a whole capital movements were not dissimilar.

The current account deficit and, naturally, the net import of capital to finance it, approached \$1.4 billion in each year. The magnitudes of the various forms of capital imported were broadly similar

although as will be seen imports of equity capital represented a somewhat smaller proportion of the total in 1957. Direct investment inflows were somewhat smaller than in 1956, and net sales of Canadian equities to portfolio investors were also smaller. Borrowing in the form of funded debt, on the other hand, was larger.

For the year as a whole the inflow for direct investment is placed at \$520 million. Transactions in Canadian securities led to a further inflow of \$747 million, which included \$175 million of equities. These two groups of transactions added \$1,267 million to Canadian external liabilities in long-term forms; in 1956 the corresponding total was \$1,308 million. On the long-term asset side there were outflows of \$65 million for direct investment abroad, but inflows of \$19 million and \$50 million, respectively, occurred from transactions in foreign securities and repayments on loans by Canadians. Transactions in the long-term forms described above together with those appearing in statement 15 led to a net capital import of \$1,307 million, which was about 8 per cent below the figure of \$1,423 million recorded for 1956. Including inflows from a reduction in official holdings of gold and foreign exchange, offset to some extent by a reduction of holdings of Canadian dollars by non-residents, other capital movements led to a net capital inflow of \$93 million compared with an outflow of \$57 million in 1956.

Capital movements in long-term forms were sufficient to finance on balance more than 93 per cent of the current account deficit in 1957. In 1956 they were greater than the deficit by about 4 per cent. In 1955 they covered less than 60 per cent of the current account deficit, but in each prior post-war year of current account deficits, capital imported in long-term forms exceeded the deficit to be financed.

The movement of capital in long-term forms from the United States was practically the same in 1957 as in 1956, but the movement from the United Kingdom and other overseas countries fell by some 20 per cent and the share of the United States rose from about 68 per cent to 73 per cent.

Direct Investment in Canada

The net movement of capital to Canada for direct investment in foreign-controlled enterprises in 1957 amounted to \$520 million. This figure is \$63 million below the record established in 1956, but is nearly \$100 million higher than for any earlier year.

As in the past resource development and associated industries continued to attract the preponderant part of foreign direct investment capital. The decline in the total movement was to a considerable extent accounted for by smaller net inflows to manufacturing. Again in 1957 purchases by non-residents of interests in existing concerns

represented a significant element in the inflow for direct investment, but they were larger both in absolute terms and relatively than in 1956.

The decline in the level of economic activity in Canada in 1957 was accompanied by a moderately declining rate of direct investment, but the fall was not large. Direct investment inflows had reached a peak of \$181 million in the final quarter of 1956, but that total included several extraordinarily large transactions which could not have been expected to recur in 1957. Movements in the successive quarters of 1957 were \$91 million, \$163 million, \$137 million and \$129 million. The third quarter figure for 1957, which included some acquisitions by non-residents of existing investments, was the highest recorded for a third quarter during the period of eight years covered by official estimates. The second quarter figure was exceeded only in 1956, and the fourth quarter only in 1951 and 1956 in each of which major financing was carried out by one company in the closing months of the year to cover capital requirements in the following year.

The level of inflows from the United States, amounting in 1957 to \$403 million was practically unchanged from the level of \$406 million in 1956, but this capital of United States origin accounted for 78 per cent of the total direct investment inflows in 1957, in contrast to 70 per cent in the previous year. Capital from the United Kingdom amounted to \$65 million, which was down about one-third from the total of \$98 million for 1956, and capital from other overseas countries also dropped by about one-third from \$79 million to \$52 million. In assessing these declines, however, it should be borne in mind that the levels of 1956 were quite extraordinary, and if this year is excepted the inflows from the United Kingdom and from other overseas countries, taken as a group, were never higher.

Details of the post-war movements of capital for United States direct investment in Canada appear as usual in statements 12 and 12A which also indicate the magnitude of other factors contributing to the growth in the book value of these investments. Particularly noteworthy among these factors in both 1956 and 1957 has been the inflow of portfolio capital from the United States which added substantially to investment in United States controlled companies. New issues of bonds were the most important element of these inflows, although borrowings by finance companies also contributed significantly in 1956.

Direct investment inflows from the United Kingdom were directed largely to the petroleum industry, uranium, steel and aluminium. The inflows from other overseas countries included large amounts for petroleum, iron and steel, real estate and financial companies.

Considerable interest has been evident concerning the accrual to non-residents of undistributed profits of Canadian corporations. The "ploughing-

STATEMENT 12. United States Direct Investment in Canada, 1946-1957

Account	1946-1949 ¹	1950	1951	1952	1953	1954	1955	1956	1957 ⁴	1946-1957
millions of dollars										
Gross inflows of new capital:										
Petroleum and natural gas industry ¹ ..	96	116	140	178	172	187	195	243	259	1,586
Mining n.i.e.	17	30	37	98	104	66	60	63	77	552
Pulp and paper	48	9	31	7	1	23	35	42	44	240
Manufacturing n.i.e.				71	52	41	77	108	110	
Utilities n.i.e.				2	6	2	9	2	4	
Merchandising n.i.e.	161	88	101	5	31	9	21	16	22	1,082
Financial				1	13	15	17	16	29	
Miscellaneous				2	4	7	9	16	15	
Sub-total	322	243	309	364	383	350	423	506	560	3,460
Return of capital	81	43	39	45	37	62	117	100	157	681
Net capital inflow for direct investment (Table I, item D1)	241	200	270	319	346	288	306	406	403	2,779
Net other identified capital movements affecting the investment of United States residents in United States controlled enterprises ²	- 41	17	34	129	- 2	22	32	225	220	636
Net capital inflow	200	217	304	448	344	310	338	631	623	3,415
Retention of profits and other factors including revaluations, reclassifications, and similar accounting adjustments	591	114	166	186 ⁵	332	271	391 ⁵	217 ⁵	213 ⁶	2,481
Net increase in book value (Table X.B)	791	331	470	634	676	581	729	848	836	5,896

¹ Exploration, development, refining, transportation, distribution and marketing.² 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.³ For annual detail see statement 12, The Canadian Balance of International Payments 1956 and International Investment Position.⁴ Preliminary.⁵ This figure is affected by unusually large reclassifications between direct and portfolio investments.⁶ Provisional estimate subject to revision.

Note: In addition to investment in new construction and new machinery and equipment included in gross business fixed capital formation 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.

STATEMENT 12A. Additional Detail of United States Direct Investment in Canada, 1956 and 1957

	1956					1957				
	Direct investment transactions			Other capital movements ²	Net capital inflow	Direct investment transactions			Other capital movements ²	Net capital inflow
	Inflows	Out-flows (-)	Net inflow			Inflows	Out-flows (-)	Net inflow		
	millions of dollars									
Petroleum and natural gas industry ¹	243	- 22	221	130	351	259	- 22	237	131	368
Mining, n.i.e.	63	- 19	44	13	57	77	- 16	61	18	79
Pulp and paper	42	- 5	37	1	38	44	- 15	29	- 9	20
Manufacturing, n.i.e.	108	- 35	73	2	75	110	- 57	53	86	139
Utilities, n.i.e.	2	- 1	1	- 2	- 1	4	- 3	1	-	1
Merchandising, n.i.e.	16	- 8	8	-	8	22	- 20	2	- 3	- 1
Financial	16	- 2	14	83	97	29	- 15	14	- 3	11
Miscellaneous	16	- 8	8	- 2	6	15	- 9	6	-	6
Total	506	-100	406	225	631	560	-157	403	220	623

For footnotes see statement 12.

back" of earnings is a characteristic of corporate finance which extends as far back at least as the introduction of significant levels of income taxation. More than three-quarters of national savings in the years 1955 to 1957 were represented by business gross saving in the form of undistributed corporation profits and of capital consumption allowances, etc. (although the latter also include non-corporate "savings"). The retention of earnings accruing to non-residents on their investments in Canada adds both to the value of the investments and to subsequent earnings insofar as their employment is profitable. Retention of earnings on portfolio investments in Canada represents involuntary investment by the shareholders, although of course they will choose to dispose of their interests in a company if they are not satisfied with the investment and dividend policies which it adopts. Retention of earnings on direct investments, on the other hand, arises from the decision of the non-resident investors controlling the company and it is therefore closely akin to the introduction of additional capital

from abroad. The decision whether to retain earnings in Canada is presumably dictated by the strengths of the needs of the company for funds for expansion in Canada or for corporate purposes elsewhere. To the extent that the company may have no immediate and pressing needs for the funds, the decision may be influenced by interest and exchange rate considerations. Effects on the corporation's overall tax position may also be important. These types of consideration are probably more important in the case of the subsidiary relationship typical of direct investment than to a public company whose dividend payments represent a final distribution of resources, and who may moreover wish to maintain a stable dividend rate. Dividend payment practices of direct investment companies in Canada have varied considerably over the post-war period. Over the years 1946 to 1949, about 58 per cent of earnings were paid out. In the period 1950 to 1955 the proportion paid out fell to 50 per cent, and for the two most recent years it was about 48 per cent.

STATEMENT 12B. Estimated Profits Retained on Foreign Direct Investments in Canada, 1946-1956
millions of dollars

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1946	120	1949	155	1952	290	1955	365
1947	125	1950	155	1953	340	1956	435
1948	160	1951	200	1954	300	1946-1956	2,645

The data currently collected do not permit detailed calculations of either total or retained earnings accruing to non-residents, but estimates of the total retained earnings accruing on all foreign direct investments year by year in the post-war period appear in statement 12B. Figures are not available separately by country (nor for Canadian direct investment abroad). For the eleven years from 1946 to 1956 the total is estimated at \$2,645 million, which is not very different from the amount of income transferred. And it will be noted that the amounts have been rising rapidly. The figure for 1956 alone was \$435 million, but in 1957 earnings were lower while dividend payments rose and it is clear that retained earnings dropped significantly in 1957. These figures do not include earnings retained on foreign portfolio investments in Canada, which in some recent years were approaching \$100 million.

Although income remitted on direct investments and the earnings retained on them have both been rising rapidly, they have not been growing as rapidly as direct investment itself. This is undoubtedly not because the direct investments are in any sense less profitable, but because large amounts of the new capital invested in recent years, particularly

in the petroleum industry, have not yet reached the stage of significant earnings. As a result, the overall earnings of these concerns have fallen from about 13 per cent of the book value in the period 1946 to 1949, to less than 10 per cent in 1956 and 1957.

Direct Investment Abroad

The net outflow of capital from Canada for direct investment abroad amounted in 1957 to \$65 million. This figure is down sharply from the \$104 million recorded in 1956 when there were a number of major transactions involving the acquisition of Canadian interests of control over existing enterprises abroad. Canadian capital was invested in a wide range of activities in manufacturing, mining, merchandising and real estate development.

Summary of Transactions in Portfolio Securities

Portfolio security transactions were a dominating feature of the international capital account again in 1957, and were broadly similar in both magnitude and character to the movements which occurred in 1956. The net import of capital arising from all transactions in portfolio securities reached

\$766 million in 1957, surpassing the total of \$727 million for the previous year. Both these figures are more than twice as large as the previous record net inflow established in 1950. The net movement in 1957 included \$94 million from trade in outstanding Canadian issues, and \$790 million from the sale to non-residents of new Canadian issues, offset to the extent of \$137 million by retirements of foreign-held Canadian securities. A net inflow of \$19 million occurred, on balance, from transactions in foreign securities.

The United States supplied some \$563 million of the net movement in 1957, compared with \$499 million in the previous year. The movement from the United Kingdom was \$129 million, slightly larger than the total of \$121 million for 1956. The inflow from other overseas countries was \$74 million, down sharply from the figure of \$107 million in 1956. But although the net movement from the United Kingdom and other overseas countries, amounting to \$203 million, was some \$25 million below the movement in 1956, it will be recalled that the inflow in that year was extraordinarily large and compared with \$33 million in 1955 and with an earlier post-war record of \$48 million in 1954.

In common with many other economic series, the annual aggregates for 1956 and 1957 concealed a change in trend. The net inflow rose from \$291 million in the first half of 1956 to \$436 million in the second. It continued to climb to \$574 million in the first half of 1957, and then contracted sharply to \$192 million in the last half of the year.

The tremendous volume of international security movements which occur between Canada and other countries will be evident from the fact that gross transactions in 1957 totalled \$3.0 billion. This turnover was \$0.2 billion lower than in 1956, but \$0.3 billion higher than in 1955.

Additional comment and statistical detail on international movements of portfolio capital, including quarterly figures of new issues and retirements classified by debtor, will be found in the monthly series of DBS reports covering "Sales and Purchases of Securities between Canada and Other Countries," particularly the December issue which contains an annual review.¹

Transactions in Outstanding Canadian Securities

Trade in outstanding Canadian issues was dominated again in 1957 by the sale to non-residents of Canadian common and preference stocks. The net capital import in this form amounted to \$137 million. Unlike the three preceding years when successive new records of \$129 million, \$138 million, and \$188 million were established, the balance in 1957 reflected a reduction of more than one quarter from the previous year, but it will be noted that it fell

only \$1 million short of the earlier record. The inflow rose from \$29 million in the final quarter of 1956 to \$40 million, \$47 million, and \$43 million for the first three quarters of 1957 respectively, but it then declined to only \$7 million, which was the lowest level since 1953.

In contrast to the net sales of outstanding common and preference stocks, net repurchases of outstanding Canadian bonds and debentures were recorded in 1957. The net repatriation amounted to \$43 million, an outflow which might be compared with the inflow of \$11 million which occurred in 1956. The movement in 1956 was, however, exceptional. In that year, a substantial sales balance in the first quarter had led to a net annual inflow although there had been substantial repurchases in each earlier year since 1950. Repatriation of outstanding issues occurred in each quarter of 1957, but the balances were larger in the last half of the year when the quarterly totals were each larger than for the first half of the year as a whole. There were on balance net repurchases of each of the debtor classes shown in statement 13.

Substantial repurchases from the United States of outstanding Canadian bonds and debentures, some no doubt for sinking fund purposes, led to a net capital outflow to that country of \$68 million which was offset only to the extent of \$4 million by net sales of outstanding Canadian stocks. Corporate bonds accounted for \$33 million of the outflow, provincial government issues for a further \$18 million, and Government of Canada direct and guaranteed issues for \$15 million. The net outflow of \$64 million to the United States was in sharp contrast to the results of security trading in 1956 when net sales of \$69 million of Canadian stocks and net repurchases of \$35 million of outstanding bonds or debentures led to a net inflow of \$34 million.

The group of eight special investment funds described in earlier reports continued to play an important part in trade in outstanding securities between Canada and other countries. Sales to them during the year of Canadian securities, mainly common stocks, are estimated to have amounted to some \$80 million, although as the result of declines in stock prices the market value of their holdings rose only a fraction of this amount. It is apparent therefore that on balance there was a substantial liquidation of holdings of Canadian stocks by other United States investors.

The United Kingdom was the area of the largest net sales of outstanding Canadian securities in 1957. The net capital import from these transactions reflecting entirely Canadian common and preference stocks, amounted to \$88 million. This was an increase of \$5 million over 1956, and a record for transactions in outstanding securities with that country since the commencement of regular official statistics. The inflows amounted to \$28 million and \$45 million in the first and second quarters of the year respectively, but fell to \$12 million and \$3 million in the succeeding quarters. While it will be

¹ Due to revisions the figures in this report will in some cases differ from those included in the earlier publication.

STATEMENT 13. Transactions in Canadian Securities between Canada and Other Countries, 1956 and 1957

A minus sign indicates an outflow of capital from Canada

Account	Trade in outstanding issues		Proceeds of new issues		Retirements		Total	
	1956	1957	1956	1957	1956	1957	1956	1957
millions of dollars								
By Type of Security								
Bonds and debentures:								
Government of Canada, direct	+ 14	- 7	+ 9	+ 16	- 50	- 8	- 27	+ 1
Government of Canada, guaranteed	- 8	- 8	-	-	- 33	- 29	- 41	- 37
Provincial government (including guaranteed)	- 11	- 14	+224	+136	- 15	- 26	+198	+ 96
Municipal government	+ 2	- 1	+112	+122	- 18	- 24	+ 96	+ 97
Railways, not guaranteed by government	-	- 4	-	-	- 2	- 5	- 2	- 9
Other corporations	+ 14	- 9	+252	+453	- 18	- 20	+248	+424
Sub-total: Bonds and debentures	+ 11	- 43	+597	+727	-136	-112	+472	+572
Common and preference stocks	+188	+137	+ 70	+ 63	- 5	- 25	+253	+175
Total (Table 1, items D3, 4, 5)	+199	+ 94	+667	+790	-141	-137	+725	+747
By Country								
United States	+ 34	- 64	+601	+714	-133	-109	+502	+541
United Kingdom	+ 83	+ 88	+ 36	+ 60	- 2	- 21	+117	+127
Other Sterling Area Countries	-	-	-	-	-	-	-	-
Other OEEC Countries	+ 85	+ 75	+ 30	+ 16	- 4	- 7	+111	+ 84
Other Countries	- 3	- 5	-	-	- 2	-	- 5	- 5
Total (Table 1, items D3, 4, 5)	+199	+ 94	+667	+790	-141	-137	+725	+747
By Quarter								
First quarter	+ 75	+ 30	+112	+264	- 71	- 41	+116	+253
Second quarter	+ 40	+ 44	+176	+296	- 23	- 23	+193	+317
Third quarter	+ 68	+ 28	+179	+142	- 25	- 45	+222	+125
Fourth quarter	+ 16	- 8	+200	+ 88	- 22	- 28	+194	+ 52
Total (Table 1, items D3, 4, 5)	+199	+ 94	+667	+790	-141	-137	+725	+747

recalled that security markets weakened generally in the last half of the year, it should also be noted that in July changes were made in the foreign exchange control arrangements of the United Kingdom which reduced the facility with which residents of that country could add to their holdings of dollar securities. It is again worth noting that security sales to residents of the United Kingdom do not necessarily reflect current outflows of capital from that country. For example, it is possible that some transactions represent switching by United Kingdom investors between their holdings of United States (and other dollar) securities and of Canadian securities. Moreover, some transactions attributed in Canada to residents of the United Kingdom may be to nominees for non-residents of that country.

Transactions in outstanding Canadian securities with other overseas countries led to a net capital inflow of \$70 million compared with the peak of \$82 million established in 1956. The inflow in 1957 was however the second highest on record and was well above the next largest inflow of \$42 million which occurred in 1954. The movement reflected net sales of \$45 million of Canadian stocks, and \$25 million of Canadian bonds, including \$18 million of corporate issues.

New Issues and Retirements of Canadian Securities

There continued to be strong demands in the Canadian capital market during 1957 as a whole and relatively high interest rates led to substantial capital inflows. The proceeds of new issues of

STATEMENT 13A. New Issues of Canadian Bonds and Debentures Sold to Residents of the United States

	I Q 1957	II Q 1957	III Q 1957	IV Q 1957	1957
millions of dollars					
Sales contracts entered into during period	277	259	66	31	533
Add sales in earlier periods for delivery in period	71	60	77	27	109
Deduct sales in period for delivery later	-125	- 52	- 20	- 2	- 73
Proceeds of new issues during period (included in Table I, item D4)	223	267	123	76	689

Note: Since the details of all contracts are not available, the deferred deliveries shown are in all probability somewhat underestimated.

Canadian securities sold to non-residents again set a new record in 1957, amounting to \$790 million, an increase of \$123 million over the previous record established in 1956. In each year about 90 per cent of the inflow was from the United States. Sales to residents of the United Kingdom of \$60 million were up sharply while those to other European countries were down sharply from 1956. About 90 per cent of the new issues of Canadian bonds and debentures sold to non-residents were payable solely or optionally in foreign currencies. As will be seen from statement 13 nearly two-thirds of the sales were to provide debt or equity financing for Canadian corporations and the balance was attributable largely to the operations of provincial and municipal governments.

Sales of new issues to non-residents were heavily concentrated in the first half of the year during which \$560 million or some 70 per cent of the inflow occurred. A peak of \$296 million was reached in the second quarter, and there was a rapid decline to less than a third of this amount in the final quarter of the year.

A feature which may be of some importance in the interpretation of the quarterly estimates is the extent to which it is valid to relate capital movements to the conditions existing concurrently in international capital and exchange markets. Statement 13A provides an estimate of contracts entered into for the sale of new Canadian bonds and debentures to residents of the United States. It shows that while deliveries during the year, as used in the balance of payments, amounted to \$689 million, sales contracts were only \$653 million, as there occurred a reduction of \$36 million in the amounts of sold but undelivered securities. The differences are of course relatively more important in shorter periods. The proceeds of new issues in the third quarter of 1957, some \$123 million, greatly exceeded

the sales of \$66 million in this period. And again in the fourth quarter of the year deliveries of \$76 million were considerably in excess of the sales of \$51 million.

The fact that proceeds of new issues may be made available to borrowers only many months¹ following agreement as to terms means that the precise and detailed correlation of capital movements and market conditions is a matter requiring considerable caution. Furthermore the delivery data which are appropriate for statements of the balance of payments do not necessarily reflect the timing of the impact of the transactions on the exchange market. Proceeds are in some cases retained in foreign currency for extended periods either awaiting exchange market conditions considered more suitable to transfer, or awaiting import to Canada in the form of capital goods, etc., financed by drawing down the foreign exchange balances. On the other hand impact of the transfer on the exchange market may precede the actual borrowings either through forward sales of exchange by the borrower or through the market as a whole itself discounting the impending transaction.

Retirements of foreign-held Canadian securities amounted to \$137 million. Details appear in statement 13.

Transactions in Foreign Securities

The net capital import from the liquidation of Canadian holdings of foreign securities amounted to \$19 million in 1957. This was the largest such movement since 1950. Trading in outstanding foreign

¹ In at least one instance financing arranged in the first half of 1956 called for deliveries extending into 1958.

STATEMENT 14. Transactions in Foreign Securities between Canada and Other Countries, 1956 and 1957

A minus sign indicates an outflow of capital from Canada

Account	Trade in outstanding issues		Proceeds of new issues		Retirements		Total	
	1956	1957	1956	1957	1956	1957	1956	1957
millions of dollars								
By Type of Security								
Foreign bonds	—	-14	-13	-16	—	+ 5	-13	-25
Foreign common and preference stocks	+20	+51	- 5	- 7	—	—	+15	+44
Total (Table I, items D6, 7, 8)	+20	+37	-18	-23	—	+ 5	+ 2	+19
By Country								
United States	+10	+33	-13	-15	—	+ 4	- 3	+22
United Kingdom	+ 4	+ 2	—	—	—	—	+ 4	+ 2
Other Sterling Area	—	—	—	—	—	—	—	—
Other O.E.E.C. Countries	+ 6	+ 2	—	- 4	—	—	+ 6	- 2
Other Countries	—	—	- 5	- 4	—	+ 1	- 5	- 3
Total (Table I, items D6, 7, 8)	+20	+37	-18	-23	—	+ 5	+ 2	+19
By Quarter								
First quarter	-18	-10	- 2	- 4	—	+ 1	-20	-13
Second quarter	+ 8	+19	- 6	- 4	—	+ 2	+ 2	+17
Third quarter	+ 8	+17	- 4	- 8	—	+ 1	+ 4	+10
Fourth quarter	+22	+11	- 6	- 7	—	+ 1	+16	+ 5
Total (Table I, items D6, 7, 8)	+20	+37	-18	-23	—	+ 5	+ 2	+19

securities led to a capital inflow of \$37 million; Canadians sold foreign stocks, mainly United States, for \$51 million, but purchased on balance \$14 million of foreign bonds. A further net inflow of \$5 million occurred from retirements of foreign bonds and debentures held by Canadians. Against these inflows there were outflows of \$23 million covering purchases by Canadians of new issues of foreign securities. Details of these transactions appear in statement 14.

Loans by Government of Canada

Repayments of principal on the interest free loan of 1942 to the United Kingdom and on the post-war loans extended to various overseas governments during the years 1945 to 1950, amounted to \$50 million in 1957, compared with \$69 million in 1956. The Government of the United Kingdom repaid regular instalments totalling \$30 million on the loan of 1942 but, in accordance with the modification of terms agreed upon early in 1957, elected to defer the 1957 repayment of principal on the 1946 loan. This action accounted for \$15 million of the decline in receipts from 1956. Repayments totalling \$20 million were made by Belgium, Czechoslovakia, France, The Netherlands, and Norway. The repayment by Czechoslovakia was the final instalment due from that country. Interest in the amount of \$10 million was received on these loans during 1957, and appears in the current account as a part of interest and dividends received.

At the end of 1957 the outstanding balances on war and post-war loans of \$2,450 million extended by Canada amounted to \$1,481 million. The loans outstanding included a balance of \$30 million on the interest-free loan of \$700 million made in 1942 to the United Kingdom; this was scheduled to be fully repaid by the end of 1958. The credit originally extended to the United Kingdom under the 1946 loan was \$1,185 million, and subsequent principal repayments have reduced the outstanding balance to \$1,097 million. Post-war loans outstanding to other governments under Part II of the Export Credits Insurance Act, etc. amounted to about \$354 million. There was in addition \$34 million owing to Canada on intergovernmental loans extended following World War I and on account of military relief settlements arising out of World War II. At the end of 1957 payments were overdue on the intergovernmental loans made in the inter-war years and on the post-war loan to China. These inactive loans amounted to \$80 million out of the total of \$1,515 million outstanding.

Change in Canadian Dollar Holdings of Foreigners

An outflow of capital from Canada occurred in 1957 from a reduction of \$34 million in the holdings of Canadian dollars by non-residents. This outflow followed a similar capital withdrawal in the amount of \$24 million in 1956, but there were inflows in each of the two preceding years. The largest part of the decline occurred in holdings of the United

Kingdom which fell by \$18 million; it will be recalled that at the end of 1956 holdings of that country included \$22 million set aside to cover interest payable on the 1946 loan from Canada, payment of which was subsequently deferred. Holdings by residents of each of the other areas for which separate balance of payments statements are constructed also declined, although in smaller amounts. The reductions in 1957 occurred in the first half of the year, and there was an increase in non-resident holdings of Canadian dollars of \$25 million in the last half.

Total holdings of all non-residents other than the International Bank for Reconstruction and Development and the International Monetary Fund amounted at the end of 1957 to about \$375 million. At the end of 1950 they reached a year-end peak of \$600 million and their lowest year-end level since that time was about \$320 million at the end of 1953. Holdings at the end of 1957 included about \$25 million of Canadian treasury bills, and about \$350 million of claims in Canadian dollars in Canadian banks and other depositories.

Change in Official Holdings of Gold and Foreign Exchange

Exchange transactions of the Government of Canada, including the operations of the Exchange Fund Account, led to a substantial inflow of capital as official holdings of gold and foreign exchange were reduced during 1957. The net inflow over the year amounted to \$105 million including \$104 million from reduced holdings of gold and United States dollars and \$1 million from reduced holdings of sterling. In terms of United States dollars, official holdings of gold and United States funds fell from \$1,936 million at the end of 1956 to \$1,828 million at the end of 1957. Holdings at the end of 1956 were close to the record month-end figure, and a new record of \$1,973 million was established at the end of July. By the end of 1957 holdings had been reduced to their lowest month-end level since May 1954. Holdings of sterling are limited to working balances and were of the order of \$7 million at the end of 1957.

Other Capital Movements

All other capital movements resulted on balance in a net capital inflow of \$58 million in 1957. This figure was well below the inward balances of \$204 million and \$148 million for 1955 and 1956 respectively. As in these years a much larger inflow took place in the first half of the year, and there were large outflows within the last half. Again in 1957 Canadians added very substantially to their holdings of bank balances and other short-term funds abroad. The capital outflow for this purpose in 1957 amounted to \$247 million and brought the total private and chartered bank holdings to about \$750 million. The growth of these balances in 1957 appears to have been influenced particularly by funds raised abroad which the borrowers had not yet

converted into Canadian dollars, and by opportunities for the profitable short-term employment in the United States of funds from Canada. In the opposite direction were inflows of \$36 million for long-term capital transactions not shown in other categories of the capital account, of \$1 million from an increase in short-term Canadian dollar holdings of the International Bank for Reconstruction and Development and the International Monetary Fund (after eliminating the effects of adjustment of the capital

subscription because of variations in the exchange value of the Canadian dollar), and of \$268 million for all other transactions including net increases in loans and accounts payable. The final category includes, in addition to recorded receivables and payables, the balancing item representing the difference between direct measurements of the revenue and capital accounts. The subject of "other capital movements" was discussed more fully in the preceding report in this series.

STATEMENT 15. Composition of "Other Capital Movements", 1950-1957

A minus sign indicates an outflow of capital from Canada

Transactions with all countries	1950-1951 ⁴	1952	1953	1954	1955	1956	1957 ⁵	Total 1950-1957
millions of dollars								
Loans by Government of United Kingdom to a Canadian Corporation	25	22	20	—	—	—	—	67
Canadian subscription to International Finance Corporation	—	—	—	—	—	— 4	—	— 4
Other long-term capital transactions	— 2	— 24	— 10	29	49	152	36	230
Short-term Canadian dollar holdings of International Bank for Reconstruction and Development and International Monetary Fund ¹	— 9	— 1	— 18	—13	— 9	— 17	1	— 66
Bank balances and other short-term funds abroad (excluding official reserves) ²	— 3	—168	— 79	—75	131	—216	—247	—657
Borrowings by Canadian finance companies	—	35	19	11	23	64	—	152
All other transactions including changes in loans and accounts receivable and payable ³	327	—375	—117	20	10	169	268	302
Total (Table 1, item D17)	338	—511	—185	—28	204	148	58	24

¹ Includes also adjustments in Canada's subscriptions occasioned by changes in their value in terms of Canadian dollars (1950-1953 nil; from 1954, +29, -4, -1, +8).

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.

⁴ For annual detail see statement 15, The Canadian Balance of International Payments 1956 and International Investment Position.

⁵ Preliminary estimate.

CANADA'S INTERNATIONAL INVESTMENT POSITION

General Review

Canada is by far the world's largest importer of private long-term capital, and the inflows of capital in recent years have added unprecedented amounts to Canada's external liabilities. These investments have contributed to a rapid rate of growth in the Canadian economy, particularly in the exploitation of natural resources, and they have added significantly to Canadian production, employment, and incomes. They have at the same time added substantially to the burden of Canada's external debt and to the proportion of Canadian industry controlled by non-residents. Reference has already been made to the increasing amounts of income required to service such investments and to the large amounts of additional earnings whose transfer is currently deferred.

Canada's net external indebtedness at the end of 1957 was \$11.0 billion, which was exclusive of short-term commercial liabilities amounting to some hundreds of millions of dollars. This net indebtedness has practically tripled in the eight years since 1949, and is 70 per cent higher than the amount at the end of the great investment boom of the twenties. At the end of World War II Canada's net international indebtedness was \$3.9 billion, and the increase since that time is \$7.1 billion. Net inflows of capital added \$4.0 billion, and net retained earnings on direct and portfolio investments added about \$2.7 billion. The entry of Newfoundland into Confederation added \$0.2 billion, as did all other factors including changes in valuation due to exchange rate.

The most important factor contributing to the growth of Canadian external indebtedness has been a rapid rise in non-resident owned long-term investments in Canada. These amounted to \$17.1 billion at the end of 1957, having more than doubled since 1949, and they accounted for most of the gross liabilities of \$18.5 billion shown in the balance of indebtedness. Direct investments in Canadian enterprises controlled by non-residents were approaching \$10 billion in book value at the end of 1957 and equity portfolio investments exceeded \$2½ billion. The high proportion of non-resident owned investments in Canada which represent ownership in Canadian enterprises rather than debt is one of the outstanding features of Canada's international investment position. But the last few years have also seen recourse to foreign capital markets by Canadian borrowers on a significant scale, and portfolio holdings abroad of Canadian bonds and debentures in 1957 passed the levels of the early thirties.

Long-term investments in Canada by non-residents grew by about \$1.5 billion or 10 per cent during 1957. This followed the unprecedented increase of \$2.1 billion in 1956 which represented a growth of 15 per cent in the single year. In the five years ending with 1957 these investments have increased in value by about two-thirds. The overwhelming part of this growth was from the United States which accounted for 73 per cent. Growth of British investments in Canada accounted for 15 per cent of the total increase, and growth of investments of other overseas countries for 12 per cent.

The dependence of Canada upon the United States as a source of external capital has increased in recent decades, and United States owned investments now account for 76 per cent of all non-resident owned long-term investments. This proportion has risen from 61 per cent in the early thirties. United States investors now own nearly 80 per cent of portfolio holdings of Canadian bonds and debentures compared with nearly 60 per cent in the earlier period, and their share of direct investments and equity portfolio investments has risen from about two-thirds to more than three-quarters of the total. British investments account for 17 per cent and other countries for 7 per cent of all non-resident owned investments in Canada.

In the five year period since 1952 United States long-term investments in Canada increased by 61 per cent, British investments by 55 per cent and other overseas countries investments by 156 per cent. In 1957 the most rapid rate of growth was in the other overseas group which increased by 16 per cent. British investments increased by 10 per cent, and United States investments by 9 per cent.

While long-term investments in Canada by residents of the United States and of overseas countries other than the United Kingdom have each been reaching successive new records for some

years, recent rapid growths of British investments in Canada have only in 1957 overtaken in value the levels estimated to have been reached at the time of World War I and again in the early thirties. But while the total of \$2,915 million estimated for the end of 1957 exceeds the estimate of \$2,778 million for 1914 by Professor Knox, shown in table XIII, the underlying value is of course still much smaller due to intervening rises in the level of prices. War-time repatriation led to a sharp decline in British portfolio investments but these have again been rising in recent years as have British direct investments which are now some three times the value of this category before the war.

Details of long-term foreign investments in Canada and of foreign direct investments appear in tables IX and X which reveal the distribution of the important and growing amounts of foreign investment. In each of the twenty sectors of investment shown except Government of Canada securities non-resident investment increased in 1956, following increases in 1955 in all but Government, provincial and railway securities.

A further analysis of the same investments showing types of asset and nature of national ownership is shown in table VIII. Of the unprecedented rise of \$2.1 billion in 1956 over half was in the form of direct investments controlled abroad and equity forms constituted most of this group. In the case of portfolio investments the rise in bonds and debentures of over \$0.4 billion in 1956 was the largest single form and much larger than in any recent year. Likewise the increase of more than \$0.3 billion in portfolio investments in Canadian stocks was also larger than in recent years, including investments in public issues of Canadian stocks by income accumulating investment funds. And preliminary estimates for 1957 indicate that the increase of \$1.5 billion in the value of all non-resident owned investments in Canada again included more than \$1.0 billion growth in direct investments being only moderately below that in 1956.

Canada's gross external assets at the end of 1957 totalled \$7.6 billion which included \$5.0 billion of long-term investments abroad, \$1.8 billion official holdings of gold and foreign exchange, and \$0.8 billion of other short-term assets abroad mainly in the form of private and chartered bank holdings of foreign exchange. Unlike Canada's external liabilities, whose \$18.5 billion total included less than \$0.8 billion of liabilities of the Government of Canada, the gross assets of \$7.6 billion were owned to the extent of \$3.7 billion by the federal government. These assets included intergovernmental loans, subscriptions to the capital of international organizations and official holdings of gold and foreign exchange. Private long-term investments abroad totalled only \$3.1 billion, and have increased from \$2.1 billion in the five years since 1952.

**STATEMENT 16. Summary of Canada's Balance of International Indebtedness,
Selected Year Ends, 1926-1957**

Item	1926	1930	1939	1945	1949	1953	1954	1955	1956	1957
	millions of dollars									
Gross liabilities to other countries	6.4	8.0	7.4	7.6	8.9	12.6	13.7	14.8	17.0	18.5
Gross external assets	1.3	1.5	1.9	3.8	5.2	6.6	6.9	6.9	7.2	7.6
Net indebtedness	5.1	6.5	5.5	3.9	3.7	6.0	6.8	7.9	9.8	11.0

Note: For further details see table V. As figures are rounded, totals do not necessarily equal the sum of their component parts.

**STATEMENT 17. Value of Non-Resident Long-Term Investments in Canada,
Selected Year Ends, 1900-1957**

Owned by residents of	1900 ¹	1914 ¹	1918 ¹	1926	1930	1939	1945	1955	1956	1957 ²
	millions of dollars									
United States.....	168	881	1,630	3,196	4,660	4,151	4,990	10,280	11,785	12,900
United Kingdom.....	1,050	2,778	2,729	2,637	2,766	2,476	1,750	2,349	2,661	2,915
Other Countries.....	14	178	177	170	188	286	352	842	1,110	1,285
Total.....	1,232	3,837	4,536	6,003	7,614	6,913	7,092	13,471	15,556	17,100

¹ Privately estimated; for sources see table XIII.

² Provisional estimate subject to revision.

STATEMENT 18. Value of United States Investments in Canada, Selected Year Ends, 1926-1957

Classification	1926	1930	1945	1949	1953	1954	1955	1956	1957 ²
	millions of dollars								
Direct investment.....	1,403	1,993	2,304	3,095	5,206	5,787	6,516	7,364	8,200
Government and municipal bonds.....	909	1,205	1,450	1,534	1,870	1,822	1,639	1,871	2,030
Other portfolio investments	799	1,368	1,106	1,107	1,537	1,651	1,588	1,826	1,900
Income accumulating investment funds	—	—	—	—	—	102	170	249	255
Miscellaneous assets	85	94	130	170	257 ¹	302	367	475	515
Total book value	3,196	4,660	4,990	5,906	8,870	9,664	10,280	11,785	12,900

¹ New series not strictly comparable with earlier years.

² Provisional estimate subject to revision.

It should be borne in mind that figures of Canadian long-term investments abroad cannot be set directly against the total of non-resident long-term investments in Canada, because non-residents have a substantial equity in Canadian long-term investments abroad through their ownership of Canadian corporations.¹ This equity amounted to \$0.8 billion at the end of 1957. The existence of this non-resident interest tends to be overlooked in per capita comparisons of Canadian and United States investments abroad. At the end of 1956 the beneficial Canadian interest in long-term investments outside Canada (other than the subscriptions to international organizations which are partially offset by short-term assets in Canada of these institutions) amounted to \$3,696 million or to more than \$225 per capita. On the other hand long-term investments outside the United States owned by residents of that country were \$40 per capita greater. Foreign long-term investment in Canada by all non-residents represented a claim of over \$950 per capita of Canadian population. The corresponding United States liability was under \$90.

Details of Canadian long-term investments abroad classified by industry and country appear in table VII.

Foreign Financing of all Canadian Investment

Measurement of the extent to which non-residents have financed total private and public domestic investment involves difficult problems both of a conceptual and of a statistical nature. Two approaches to the question which may be of general interest have been adopted. The first is an attempt to measure the net contribution of non-residents to the savings used for all types of physical investment in Canada or, expressed differently, the extent to which Canada has drawn on or added to the resources of other countries. The second approach is concerned with the extent to which foreign capital has directly financed Canadian investment, disregarding outflows of Canadian capital to participate in investment abroad and of non-resident capital formerly brought to Canada. In each approach it is of interest to ask the extent to which non-residents have financed both gross and net investment. The significance of the latter comparison lies partly in the fact that new financing from abroad is normally for additions to the stock of capital rather than for replacement. The various measures which have been used are expressed in the following formula; for further technical data the reader is referred to pages 45 to 47 of "Canada's International Investment Position 1926-1954".

¹ For a description of the statistical technique followed to derive estimates of foreign investment in Canada see Canada's International Investment Position 1926-1954, page 67.

A. Use of Foreign Resources

- | | | |
|---|---|---|
| 1 | { | Current account deficit (net), adjusted for retained earnings of foreign direct investments in Canada and Canadian direct investments abroad, plus capital consumption allowances and depletion on foreign direct investments in Canada |
| | | Total private and public investment in Canada, plus value of physical change in inventories |
| 2 | { | As in A1 but excluding capital consumption allowances |
| | | As in A1 but net of business capital consumption allowances and miscellaneous valuation adjustments |

B. Direct Foreign Financing of Investment

- | | | |
|---|---|--|
| 1 | { | Direct investment in Canada, plus retained earnings on foreign direct investments, new issues of Canadian securities sold to non-residents ¹ , other long-term financing, changes in accounts payable, and capital consumption allowances and depletion on foreign direct investments in Canada |
| | | Total private and public domestic investment in Canada, plus value of physical change in inventories |
| 2 | { | As in B1 but excluding capital consumption allowances |
| | | As in B1 but net of business capital consumption allowances and miscellaneous valuation adjustments |

The results of these measurements are summarized in statement 19 which shows the substantially increased importance of non-resident investment in Canada in the 1950's to date. Over the period 1950 to 1955 Canada's net use of foreign resources amounted to one-fifth and direct foreign financing to one-third of net capital formation. And for the years 1956 and 1957 during which tremendous capital formation occurred, these ratios rose to one-third and more than two-fifths respectively. The two measures have special meaning. In 1956 and 1957 Canadian sources of savings were sufficiently large to finance about two-thirds of net capital formation (as reflected in measure A2), but they were not all used for new investment in Canada. Some Canadian savings were, for example, used for investment abroad, while other parts were used for the retirement of debts contracted abroad in earlier periods. As a consequence Canadian sources of savings

¹ Other than government borrowing of \$150 million in 1948 which served to replenish official holdings of exchange.

directly financed a smaller part of net capital formation in Canada, with non-residents directly financing the balance of more than 40 per cent as shown in measure B2. (The Canadian economy generated a part of these non-resident savings in the form of retained earnings which enlarged foreign direct investment in Canada or were allocated for its ultimate replacement.)

In the post-war 1940's (and for some years before), Canada was a net exporter of capital. From 1946 to 1949 the net use of foreign resources was negative—Canada was on balance able to invest abroad—although direct foreign financing even in that period amounted to nearly one-quarter of net capital formation. In the short period 1929-1930 foreign capital was relatively even more important than in recent times, and both the use of foreign

resources and direct foreign financing appear to have represented more than one-half of net capital formation.

A potent force underlying the differences between the measures is the direct association of particular entrepreneurial skills, techniques and objectives with large sources of savings both inside and outside Canada. These combinations may result in decisions outside the domestic economy to undertake specific investments which are quite unrelated to either the availability of domestic savings or the need to import financial capital to finance a draught on external physical resources. But detailed study of the structure of industry and of the capital market and its relationship to the mobilization and direction of domestic savings all lie beyond the field of this report.

STATEMENT 19. Foreign Financing of all Canadian Investment, 1946-1957

Measure	1946-1949	1950-1955	1956-1957
	percentages		
A1 Use of foreign resources as a percentage of gross capital formation.....	—	17	27
A2 Use of foreign resources as a percentage of net capital formation	-11	19	33
B1 Direct foreign financing of gross capital formation	19	25	32
B2 Direct foreign financing of net capital formation	24	32	42

Foreign Ownership and Control of Canadian Industry

Estimates of the relative position of foreign investment in Canadian industry and commerce appear in tables XII to XVI which have been brought forward to 1955. It is not yet possible to bring these estimates further up to date, but it is likely that the developments in the two succeeding years have contributed to a further growth of the proportions of these industries which are non-resident owned and controlled.

The proportion of the manufacturing, mining, and utilities industries taken as a group which are non-resident owned has remained relatively unchanged at 32 per cent since the estimate for 1948. But foreign ownership of manufacturing (including petroleum refining) has risen in this period from 42 per cent to 49 per cent, or by about one percentage point each year. Mining and smelting (including petroleum exploration and development companies) owned by non-residents has grown from 39 per cent in 1948 to 62 per cent of the total industry in 1955 or by an average of some 3 percentage points each year. But the relative decline in non-resident ownership of railways and other utilities has been sufficient to maintain a stable ratio of 32 per cent for non-resident ownership of all these industries. Ownership by residents of the United States accounted for 25 per cent.

In contrast to the relative stability of foreign ownership of these industries taken as a whole, revealed in table XII, there has been a sharp growth in the proportions controlled by non-residents, shown in table XIV. For the group the proportion has risen from 25 per cent in 1948 to 30 per cent in 1955; these ratios are both greatly reduced by the inclusion of railways and other utilities large parts of which are government enterprises. For manufacturing (including petroleum refining) the proportion controlled by non-residents rose from 43 per cent in 1948 to 57 per cent in 1955, and in the case of mining and smelting (including petroleum exploration and development companies), the increase was from 40 per cent to 66 per cent of the total. Year to year changes in this series have limited significance because relatively small shifts of equity capital over a number of years may occasion a change of classification between Canadian and foreign control which will apply to the whole structure of debt and equity capital. Nevertheless it is significant that two of the five percentage points growth in foreign control for the group of industries as a whole occurred in the most recent year for which data are available. Control by residents of the United States accounted for 26 per cent out of the 30 per cent of these selected industries controlled by all non-residents at the end of 1955.

More detailed industry data for the ownership and control of Canadian industry appear in table XV, and the estimates from which the ratios shown in tables XII and XIV were derived appear in table XVI.

The great extent to which many Canadian industries have depended upon foreign capital is shown in the analysis of industries in table XV. In the area of industry covered in the table non-resident ownership amounts to 53 per cent and non-resident control to 59 per cent. Most of the commodity producing industries in Canada other than agriculture are included. In the more extractive industries where large aggregations of capital are general, corresponding ratios are even higher, being some 64 per cent and 80 per cent respectively in the case of the petroleum industry and 60 per cent and 62 per cent in mining. In some subdivisions of manufacturing, ratios of non-resident control were as high as 96 per cent and 98 per cent respectively in the automobile and parts industry and in the rubber industry, and 82 per cent in the electrical apparatus industry and 77 per cent in chemicals. Other basic industries like pulp and paper and transportation equipment show ratios of control exceeding 50 per cent. In contrast some prominent sub-divisions of industry are predominantly Canadian controlled, good examples in 1955 being provided by primary iron and steel, beverages, and textiles, but since that year it should be noted that there have been some significant changes in ownership and control, particularly in the primary iron and steel industry.

Another striking illustration of the part played by non-resident capital in Canada is the major extent to which the increased value of capital in-

vested in 1955 was non-resident owned. During that year a good deal more than one-half of the rise in investment in the commodity producing industries covered in table XV was non-resident owned. Comparison of the figures of investments controlled abroad in the same table also indicates predominant increases in that category of investments but some significant parts of this change, particularly in petroleum and mining, are due to the reclassification of companies into the direct investment class in 1955.

Number of Concerns

Table XI shows as usual the number of Canadian concerns controlled abroad, which rose to 5,460 by the end of 1956. This was an increase of 503 during the year, which in turn followed an increase of 476 in 1955. As will be seen in statement 20 the Bureau's data cover more than 7,800 Canadian companies in which non-resident capital was invested in significant amounts at the end of 1956. The total number of Canadian corporations at the beginning of that year was about 77,400. Statement 20 also shows the great corporate activity in the field of foreign investment in 1956. There were added to the records 785 new concerns in which foreign capital was directly invested, and, including also the subsidiaries of such companies, the total number of additions was well in excess of 900. The control of more than 100 Canadian companies changed hands from one country to another during the year. The non-resident investments in more than 50 Canadian concerns were fully acquired by Canadian interests. And the normal processes of liquidation, merger, etc. led to the elimination of more than 180 concerns having non-resident capital invested in them.

STATEMENT 20. Change in Recorded Number of Canadian Concerns in which Foreign Capital is Invested 1956

Item	Controlled in					
	United States	United Kingdom	Other Foreign Countries	All Foreign Countries	Canada	Total
Number at beginning of year	3,707	947	303	4,957	1,958	6,915
Add						
New concerns with foreign capital	+ 452	+ 52	+ 89	+ 593	+ 192	+ 785
Transfers of control	+ 35	+ 11	+ 10	+ 56	+ 47	+ 109
Subtract						
Transfers of control	- 45	- 11	- 3	- 59	- 44	- 103
Concerns now wholly-owned by Canadians	- 24	- 4	-	- 28	- 26	- 54
Concerns liquidated, merged, etc.	- 119	- 17	- 15	- 151	- 31	- 182
Add						
Net formation of new Canadian subsidiaries by these concerns	+ 37	+ 41	+ 14	+ 92	+ 60	+ 152
Number at end of year (Table XI)	4,043	1,019	398	5,460	2,156	7,615

Note: These numbers exclude more than 200 non-resident owned investment corporations whose Canadian assets are measured indirectly and are a component of the "Miscellaneous Investments" group.

Direct Investment Owned in Overseas Countries other than the United Kingdom

Statement 20 in the Canadian Balance of International Payments, 1956, and International Investment Position, gave the geographical origin at the end of 1955 of direct investment in Canada by countries other than the United States and the United Kingdom. The total, now revised to \$325 million, included \$107 million from Belgium, \$67 million from Switzerland, \$64 million from France, and \$14 million from West Germany. These four countries, which were those with the largest investments in Canada, accounted for more than three quarters of the total. By the end of 1956 the total had increased to \$423 million. A comprehensive analysis of the geographic origin has not been carried out, but among the groups of direct investments in Canada which have shown sharp growth are those of the Federal Republic of West Germany, which more than doubled to total \$31 million at the end of 1956. Canadian and other foreign capital invested in these enterprises brought the total book value of investments in Canada controlled in Germany to \$39 million.

The Petroleum and Natural Gas Industry

The total foreign investment in all phases of the petroleum and natural gas industry amounted to \$2,257 million at the end of 1956, having increased by 22 per cent during the year. This rate of growth was slightly smaller than in 1955 when it amounted to 25 per cent, but more than half the decline could be attributed to accounting adjustments arising from corporate mergers and similar factors. The book value is more than fourteen times what it was in 1945, and the industry has accounted for a quarter of the growth in the value of the investments in Canada of all non-residents since that time. Ninety-four per cent of the foreign owned investments were direct investments in foreign controlled enterprises, and 91 per cent reflected direct or portfolio investment by residents of the United States. It is estimated that at the end of 1955 non-residents of Canada owned about 64 per cent of the petroleum industry and controlled about 80 per cent.

Investment in the Petroleum and Natural Gas Industry — Statistical note

In the basic corporate records maintained by the Bureau for its estimates of international investments, companies engaged in the petroleum and natural gas industry have appeared under four separate categories. Those companies engaged in refining have been classified in the manufacturing non-metallic minerals group. Those engaged primarily in exploration and development of petroleum and natural gas have been included under mining and smelting. Companies engaged primarily in the transportation of petroleum and natural gas, whether

by pipeline or other means, have been shown as utilities, and those engaged primarily in marketing and distribution have been included under merchandising. In an industry such as the petroleum and natural gas industry which shows a high and increasing degree of vertical integration, classification by principal activity of the enterprise may lead to confusion on the part of users who assume that it provides an acceptable measure of the various aspects of industrial activity. For this reason for some years past the Bureau has published supplementary statements for the petroleum industry, which made it possible for the user to isolate the component enterprises from the industrial groups in which they were included. With the publication of this report, this treatment has been carried into the basic tables IX, X, and XI, and it has also been extended to the natural gas industry. In these tables, the petroleum and natural gas industry as a whole appears as a separate group, and other industrial groups are in each case exclusive of segments of the petroleum and natural gas industry. It should be noted that this treatment has not yet been accorded to the series in tables XII, XIV and XVI.

Comparisons of annual data for the petroleum and natural gas industry are affected to some extent by revaluations of investment coincident with mergers and corporate reorganizations.

Financial Institutions and Miscellaneous Investment

It has been the practice in these reports from time to time in the past to provide additional detail of some components of Canada's investment position. A list of some of the aspects covered specially in earlier annual reports on the Canadian Balance of Payments, since the appearance of Canada's International Investment Position 1926-1954, appears on page 4. Two additional facets are exposed in statements 21 and 22. The first of these shows the components of the "Financial Institutions" category of foreign investment in Canada at the end of 1956. This group of investments has grown rapidly from \$774 million at the end of 1953 — when it represented 6.75 per cent of all long-term investment in Canada by non-residents — to \$1,495 million, or some 9.6 per cent at the end of 1956. Another mixed category of investment which has shown a considerable growth in recent years is that of "Miscellaneous Investments". These investments include real estate, mortgage, and other assets held or administered for non-residents by trustees, agents, or nominees, private investment companies, etc. Their measurement cannot be as precise as the direct ownership of Canadian concerns and securities by non-residents, but the amounts involved are now so large that it is felt that publication of the components of the total, given for the first time in statement 22, is warranted.

**STATEMENT 21. Detail of Foreign Investment in "Financial Institutions" Category
End of 1956**

Type	Direct Investment				Portfolio Investment				Total			
	United States	United Kingdom	Other Countries	Total	United States	United Kingdom	Other Countries	Total	United States	United Kingdom	Other Countries	Total
	millions of dollars											
Banks, trust, loan and mortgage companies, investment services, brokers, insurance agents	270	20	40	330	107	133	8	248	377	153	48	578
Insurance companies	228	56	27	311	54	5	2	61	282	61	29	372
Real estate companies....	29	13	18	60	16	8	14	38	45	21	32	98
Income accumulating funds	—	—	—	—	249 ¹	—	—	249	249	—	—	249
Other holding companies	23	28	62	113	15	23	47	85	38	51	109	198
Totals as in Tables IX and X	550	117	147	814	441	169	71	681	991	286	218	1,495

¹ Investment in Canadian securities only; minor investment by United Kingdom and other countries is included with "other holding companies".

**STATEMENT 22. Detail of Foreign Investment in "Miscellaneous Investments" Category
End of 1952-1956**

Type	End of:					Country of Ownership 1956		
	1952	1953	1954	1955	1956	United States	United Kingdom	Other Countries
	millions of dollars							
Canadian securities	225	243	302	313	416	122	140	154
Mortgages on Canadian real estate	77	76	109	168	250	240	7	3
Real estate in Canada	120	118	115	120	125	99	13	13
Other investments	25	30	35	40	30	14	8	8
Totals as in Tables VIII and IX	447	467	561	641	821	475	168	178

¹ Real estate, mortgages, assets administered for non-residents, private investment companies, etc.

TABLE I. Current and Capital Account of the Canadian Balance of International Payments, 1956 and 1957

No.	Account	All Countries		United States		United Kingdom		Other Sterling Area		Other OEEC Countries		All Other Countries	
		1956	1957 ^a	1956	1957 ^a	1956	1957 ^a	1956	1957 ^a	1956	1957 ^a	1956	1957 ^a
millions of dollars													
A	Current Receipts:												
1	Merchandise exports (adjusted)	4,837	4,909	2,854	2,931	818	749	256	246	470	515	439	468
2	Mutual Aid to NATO Countries	157	107	—	—	—	—	—	—	—	—	—	—
3	Gold production available for export	150	147	150	147	—	—	—	—	—	—	—	—
4	Travel expenditures	337	363	309	325	14	18	4	5	6	10	4	5
5	Interest and dividends	142	149	80	91	14	10	21	22	12	13	15	13
6	Freight and shipping	457	431	223	215	98	93	29	26	61	52	46	45
7	Inheritances and immigrants' funds	99	124	45	47	24	40	5	8	18	22	7	7
11	All other current receipts	442	395	354	306	47	45	9	8	18	22	14	14
12	Total current receipts	6,621	6,625	4,015	4,062	1,015	955	324	315	585	634	525	552
B	Current Payments:												
1	Merchandise imports (adjusted)	5,565	5,488	4,021	3,878	493	520	222	239	320	336	509	515
4	Travel expenditures	498	525	391	403	40	47	8	11	41	48	12	16
5	Interest and dividends	523	593	427	486	73	78	1	1	20	26	2	2
6	Freight and shipping	502	506	351	344	59	68	3	2	75	79	14	13
7	Inheritances and emigrants' funds	115	122	94	100	14	15	1	1	4	4	2	2
9	Official contributions	30	37	—	—	—	—	26	35	1	1	1	1
10	Mutual Aid to NATO Countries	157	107	—	—	—	—	—	—	—	—	—	—
11	All other current payments	597	647	370	402	78	85	13	17	107	111	29	32
12	Total current payments	7,987	8,025	5,654	5,613	763	813	276	306	568	605	569	581
	Balance on merchandise trade	- 728	- 579	-1,167	- 947	+ 325	+229	+ 34	+ 7	+150	+179	- 70	- 47
	Balance on other transactions, excluding B9	- 608	- 784	- 472	- 604	- 73	- 67	+ 42	+ 37	-132	-149	+ 27	+ 19
	Official contributions	- 30	- 37	—	—	—	—	- 28	- 35	- 1	- 1	- 1	- 1
C	Current Accounts Balance	-1,366	-1,400	-1,639	-1,551	+ 252	+142	+ 48	+ 9	+ 17	+ 29	- 44	- 29
D	Capital Account:												
	Direct investment:												
1	Direct investment in Canada	+ 583	+ 520	+ 406	+ 403	+ 98	+ 65	—	+ 2	+ 77	+ 49	+ 2	+ 1
2	Direct investment abroad	- 104	- 65	- 70	- 36	- 3	+ 4	- 24	- 16	—	- 3	- 7	- 14
	Canadian Securities:												
3a	Trade in outstanding bonds and debentures	+ 11	- 43	- 35	- 68	+ 11	—	—	—	+ 38	+ 30	- 3	- 5
3b	Trade in outstanding common and preference stocks	+ 188	+ 137	+ 69	+ 4	+ 72	+ 88	—	—	+ 47	+ 45	—	—
4	New issues	+ 667	+ 790	+ 601	+ 714	+ 36	+ 60	—	—	+ 30	+ 16	—	—
5	Retirements	- 141	- 137	- 133	- 109	- 2	- 21	—	—	- 4	- 7	- 2	—
	Foreign securities:												
6	Trade in outstanding issues	+ 20	+ 37	+ 10	+ 33	+ 4	+ 2	—	—	+ 6	+ 2	—	—
7	New issues	- 18	- 23	- 13	- 15	—	—	—	—	—	- 4	- 5	- 4
8	Retirements	—	+ 5	—	+ 4	—	—	—	—	—	—	—	+ 1
	Loans by Government of Canada:												
10	Repayment of post-war loans	+ 39	+ 20	—	—	+ 15	—	—	—	+ 18	+ 18	+ 6	+ 2
11	Repayment of war loans	+ 30	+ 30	—	—	+ 30	+ 30	—	—	—	—	—	—
14	Change in Canadian dollar holdings of foreigners	- 24	- 34	- 48	- 9	+ 16	- 18	- 2	- 2	+ 3	- 3	+ 7	- 2
16	Change in official holdings of gold, U.S. dollars and sterling (increase, minus)	- 33	+ 105	- 34	+ 104	+ 1	+ 1	—	—	—	—	—	—
17	Other capital movements	+ 148	+ 58	+ 103	+ 13	+ 21	+ 24	- 12	- 1	+ 35	+ 5	+ 1	+ 17
E	Net Capital Movement	+1,366	+1,400	+ 85	+1,038	+ 299	+235	- 38	- 17	+250	+148	- 1	- 4
G	Balance Settled by Exchange Transfers	—	—	+ 783	+ 513	- 551	-377	- 10	+ 8	-267	-177	+ 45	+ 33
	Total financing of current account balance (item C)	+1,366	+1,400	+1,639	+1,551	- 252	-142	- 48	- 9	- 17	- 29	+ 44	+ 29

¹ Subject to revision.

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 IBRD, IFC and IMF and all other countries not specified above.

A9, 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.

G17 Also includes balancing item representing unrecorded capital movements and errors and omissions.

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1957

A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957 ¹
millions of dollars													
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	4,837	4,909
2	Mutual Aid to NATO Countries	—	—	—	—	57	145	200	246	284	222	157	107
3	Gold production available for export	96	99	119	139	163	150	150	144	155	155	150	147
4	Travel expenditures	221	251	279	285	275	274	275	302	305	328	337	363
5	Interest and dividends	70	64	70	83	91	115	145	165	147	160	142	149
6	Freight and shipping	311	322	336	303	284	351	383	318	313	398	457	431
7	Inheritances and immigrants' funds	65	69	84	68	57	77	85	91	89	86	99	124
11	All other current receipts	209	220	229	222	231	249	281	319	298	391	442	395
12	Total current receipts	3,365	3,748	4,147	4,089	4,297	5,311	5,858	5,737	5,520	6,072	6,621	6,625
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	4,543	5,565	5,488
4	Travel expenditures	135	167	134	193	226	280	341	365	389	449	498	525
5	Interest and dividends	312	337	325	390	475	450	413	404	423	483	523	593
6	Freight and shipping	219	278	279	253	301	354	375	374	356	415	502	506
7	Inheritances and emigrants' funds	35	49	50	59	61	70	94	91	94	105	115	122
9	Official contributions	97	38	23	6	5	9	16	25	11	24	30	37
10	Mutual Aid to NATO Countries	—	—	—	—	57	145	200	246	284	222	157	107
11	All other current payments	382	295	287	315	377	423	405	465	479	529	597	647
12	Total current payments	3,002	3,699	3,696	3,912	4,631	5,828	5,694	6,180	5,952	6,770	7,987	8,025
	Balance on merchandise trade	+ 571	+ 188	+ 432	+ 293	+ 10	- 147	+ 489	- 58	+ 13	- 211	- 728	- 579
	Balance on other transactions, excluding B9	- 111	- 101	+ 42	- 110	- 339	- 361	- 309	- 360	- 434	- 463	- 608	- 784
	Official contributions	- 97	- 38	- 23	- 6	- 5	- 9	- 16	- 25	- 11	- 24	- 30	- 37
C	Current Account Balance	+ 363	+ 49	+ 451	+ 177	- 334	- 517	+ 164	- 443	- 432	- 698	-1,366	-1,400
D	Capital Account:												
	Direct investment:												
1	Direct investment in Canada	+ 40	+ 61	+ 71	+ 94	+ 222	+ 309	+ 346	+ 426	+ 392	+ 417	+ 583	+ 520
2	Direct investment abroad	- 14	+ 6	+ 15	+ 13	+ 36	- 20	- 77	- 63	- 81	- 74	- 104	- 65
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	+ 194	- 13	+ 3	+ 8	+ 329	+ 38	- 166	- 52	- 66	- 165	+ 11	- 43
3b	Trade in outstanding common and preference stocks							+ 72	+ 21	+ 129	+ 138	+ 188	+ 137
4	New issues	+ 218	+ 95	+ 150	+ 105	+ 210	+ 411	+ 316	+ 335	+ 331	+ 166	+ 667	+ 790
5	Retirements	- 539	- 364	- 114	- 147	- 284	- 184	- 89	- 146	- 203	- 184	- 141	- 137
	Foreign securities:												
6	Trade in outstanding issues	+ 25	+ 1	- 7	+ 22	+ 70	+ 15	+ 12	+ 22	+ 7	+ 25	+ 20	+ 37
7	New issues	- 4	- 3	- 3	- 4	- 2	- 3	- 20	- 23	- 33	- 48	- 18	- 23
8	Retirements	+ 13	+ 7	+ 2	+ 2	+ 8	+ 3	-	+ 1	+ 2	+ 17	-	+ 5
	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	+ 39	+ 20
11	Repayment of war loans	+ 94	+ 109	+ 64	+ 5	+ 51	+ 34	+ 23	+ 50	+ 30	+ 30	+ 30	+ 30
14	Change in Canadian dollar holdings of foreigners	+ 70	- 26	- 21	+ 40	+ 233	- 192	- 66	- 18	+ 34	+ 89	- 24	- 34
16	Change in official holdings of gold and foreign exchange (increase, minus)	+ 267	+ 742	- 492	- 128	- 722	- 56	- 37	+ 38	- 124	+ 44	- 33	+ 105
17	Other capital movements	+ 23	- 101	+ 7	- 80	+ 210	+ 128	- 511	- 185	- 28	+ 204	+ 148	+ 54
E	Net Capital Movement	- 363	- 49	- 451	- 177	+ 334	+ 517	- 164	+ 443	+ 432	+ 698	+1,366	+1,400

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, 1946-1957 - Continued

B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957 ¹
millions of dollars													
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	2,854	2,931
2	Gold production available for export	96	99	119	139	163	150	150	144	155	155	150	147
4	Travel expenditures	216	241	267	267	260	258	257	282	283	303	309	325
5	Interest and dividends	47	36	37	40	50	57	85	101	69	78	80	91
6	Freight and shipping.....	101	104	131	126	157	164	174	164	169	203	223	215
7	Inheritances and immigrants' funds	19	18	18	18	31	32	38	41	42	45	45	47
11	All other current receipts.....	140	153	167	158	170	191	224	253	233	318	354	306
12	Total current receipts.....	1,587	1,712	2,247	2,269	2,877	3,178	3,274	3,443	3,306	3,700	4,015	4,062
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	3,283	4,021	3,878
4	Travel expenditures	130	152	113	165	193	246	294	307	320	363	391	403
5	Interest and dividends	250	274	267	325	411	382	344	334	345	383	427	486
6	Freight and shipping.....	169	221	213	193	240	276	302	296	281	287	351	344
7	Inheritances and emigrants' funds	31	37	37	44	47	55	77	74	75	82	94	100
11	All other current payments.....	216	211	213	244	293	328	289	290	312	332	370	402
12	Total current payments.....	2,174	2,846	2,640	2,870	3,277	4,129	4,123	4,347	4,113	4,735	5,654	5,613
	Balance on merchandise trade.....	- 430	- 890	- 289	- 378	- 47	- 516	- 471	- 588	- 445	- 685	-1,167	- 947
	Balance on other transactions.....	- 177	- 244	- 104	- 223	- 353	- 435	- 378	- 316	- 362	- 350	- 472	- 604
C	Current Account Balance	- 607	-1,134	- 393	- 601	- 400	- 951	- 849	- 904	- 807	-1,035	-1,639	-1,551
D	Capital Account:												
	Direct investment:												
1	Direct investment in Canada	+ 38	+ 58	+ 61	+ 84	+ 200	+ 270	+ 319	+ 346	+ 288	+ 306	+ 406	+ 403
2	Direct investment abroad	- 7	+ 6	+ 15	+ 16	+ 41	- 4	- 42	- 33	- 46	- 56	- 70	- 36
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	+ 241	- 3	+ 5	+ 25	+ 362	+ 20	- 170	- 85	- 87	- 159	- 35	- 68
3b	Trade in outstanding common and preference stocks.....							+ 66	+ 5	+ 87	+ 92	+ 89	+ 4
4	New issues.....	+ 218	+ 95	+ 150	+ 105	+ 210	+ 404	+ 315	+ 322	+ 299	+ 127	+ 601	+ 714
5	Retirements	- 460	- 313	- 96	- 136	- 263	- 159	- 75	- 132	- 184	- 169	- 133	- 109
	Foreign securities:												
6	Trade in outstanding issues	+ 21	- 2	- 9	+ 19	+ 68	+ 18	+ 9	+ 20	+ 6	+ 31	+ 10	+ 33
7	New issues.....	- 4	- 3	- 3	- 4	- 2	- 3	- 5	- 18	- 3	- 8	- 13	- 15
8	Retirements	+ 6	+ 3	+ 1	+ 1	+ 7	+ 2	-	+ 1	+ 1	+ 2	-	+ 4
14	Change in Canadian dollar holdings of foreigners	+ 27	- 3	- 14	- 8	+ 89	- 53	- 37	- 1	+ 19	+ 66	- 48	- 9
16	Change in official holdings of gold and U.S. dollars (increase, minus).....	+ 251	+ 743	- 496	- 134	- 694	- 39	- 80	+ 42	- 121	+ 42	- 34	+ 104
17	Other capital movements	-	- 76	+ 1	- 38	+ 249	+ 59	- 458	- 223	+ 18	+ 151	+ 103	+ 13
F	Net Capital Movement.....	+ 331	+ 505	- 385	- 70	+ 267	+ 515	- 158	+ 244	+ 277	+ 425	+ 856	+1,038
G	Balance Settled by Exchange Transfers	+ 276	+ 629	+ 778	+ 671	+ 133	+ 436	+1,007	+ 660	+ 530	+ 610	+ 783	+ 513
	Total financing of current account balance (item C).....	+ 607	+1,134	+ 393	+ 601	+ 400	+ 951	+ 849	+ 904	+ 807	+1,035	+1,639	+1,551

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1957 - Continued

C. BETWEEN CANADA AND THE UNITED KINGDOM

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957 ¹
millions of dollars													
A	Current Receipts:												
1	Merchandise exports (adjusted)	626	749	703	701	469	636	727	656	660	772	818	749
4	Travel expenditures	3	7	9	11	7	8	10	12	13	13	14	16
5	Interest and dividends	7	8	9	9	6	30	29	28	35	41	14	10
6	Freight and shipping	107	114	105	89	61	91	105	79	73	97	98	93
7	Inheritances and immigrants' funds	45	47	52	38	12	14	20	18	19	20	24	40
11	All other current receipts	52	42	44	49	35	42	34	37	36	39	47	45
12	Total current receipts	840	967	922	897	590	821	925	830	836	982	1,015	955
B	Current Payments:												
1	Merchandise imports (adjusted)	138	182	287	300	399	417	350	463	391	406	493	520
4	Travel expenditures	3	9	12	17	19	20	27	31	35	40	46	47
5	Interest and dividends	54	53	50	55	54	57	56	57	62	75	73	78
6	Freight and shipping	32	32	34	32	36	43	42	42	39	49	59	68
7	Inheritances and emigrants' funds	3	8	7	10	10	10	12	12	13	16	14	15
11	All other current payments	110	50	46	37	48	51	50	92	67	68	78	85
12	Total current payments	340	334	436	451	566	598	537	697	607	632	763	813
	Balance on merchandise trade	+488	+567	+416	+401	+ 70	+219	+377	+193	+269	+366	+325	+229
	Balance on other transactions	+ 12	+ 66	+ 70	+ 45	- 46	+ 4	+ 11	- 60	- 40	- 36	- 73	- 87
C	Current Account Balance	+500	+633	+486	+446	+ 24	+223	+388	+133	+229	+330	+252	+142

D. BETWEEN CANADA AND OTHER STERLING AREA COUNTRIES

A	Current Receipts:												
1	Merchandise exports (adjusted)	269	366	293	300	201	265	293	251	206	254	256	246
4	Travel expenditures	1	1	1	2	3	3	3	3	3	4	4	5
5	Interest and dividends	2	6	4	4	8	4	7	13	17	21	21	22
6	Freight and shipping	34	39	34	30	18	23	20	18	18	27	29	26
7	Inheritances and immigrants' funds	—	1	2	1	1	3	3	4	4	4	5	8
11	All other current receipts	3	3	4	3	3	3	5	7	7	8	9	8
12	Total current receipts	309	416	338	340	234	301	331	296	255	318	324	315
B	Current Payments:												
1	Merchandise imports (adjusted)	129	160	192	187	244	310	185	172	193	211	222	239
4	Travel expenditures	1	3	4	4	5	5	5	6	7	8	8	11
5	Interest and dividends	1	1	1	1	—	—	—	—	—	1	1	1
6	Freight and shipping	6	5	7	5	3	5	5	6	3	3	3	2
7	Inheritances and emigrants' funds	—	—	1	2	1	1	1	1	1	1	1	1
9	Official contributions	5	—	—	—	—	—	15	18	8	22	28	35
11	All other current payments	3	5	4	6	4	4	6	10	9	12	13	17
12	Total current payments	145	174	209	205	257	325	217	213	211	258	276	306
	Balance on merchandise trade	+140	+206	+101	+113	- 43	- 45	+108	+ 79	+ 23	+ 43	+ 34	+ 7
	Balance on other transactions, excluding B 9	+ 29	+ 36	+ 28	+ 22	+ 20	+ 21	+ 21	+ 22	+ 29	+ 39	+ 42	+ 37
	Official contributions	- 5	—	—	—	—	—	- 15	- 18	- 8	- 22	- 28	- 35
C	Current Account Balance	+164	+242	+129	+135	- 23	- 24	+114	+ 83	+ 44	+ 60	+ 48	+ 9

TABLE II. Annual Statements of the Canadian Balance of International Payments, 1946-1957 - Concluded

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

No.	Account	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957 ¹
millions of dollars													
C	Current Account Balance	+664	+875	+615	+581	+ 1	+199	+502	+216	+273	+390	+300	+151
D	Capital Account:												
	Direct investment:												
1	Direct investment in Canada	+ 2	+ 3	+ 10	+ 13	+ 19	+ 30	+ 15	+ 45	+ 75	+ 68	+ 98	+ 67
2	Direct investment abroad	- 10	- 3	- 2	- 3	- 4	- 6	- 19	- 22	- 23	- 9	- 27	- 12
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	- 48	- 11	- 4	- 16	- 35	- 16	+ 3	+ 20	-	- 2	+ 11	-
3b	Trade in outstanding common and preference stocks							- 6	+ 7	+ 21	+ 28	+ 72	+ 88
4	New issues	-	-	-	-	-	+ 7	+ 1	+ 7	+ 20	+ 15	+ 36	+ 60
5	Retirements	- 77	- 42	- 14	- 10	- 19	- 24	- 9	- 11	- 17	- 11	- 2	- 21
	Foreign securities:												
8	Trade in outstanding issues	+ 1	+ 3	+ 2	+ 2	+ 1	-	+ 3	+ 3	+ 2	- 9	+ 4	+ 2
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	+ 15	-
11	Repayment of war loans	+ 89	+104	+ 64	+ 5	+ 51	+ 34	+ 23	+ 50	+ 30	+ 30	+ 30	+ 30
14	Change in Canadian dollar holdings of foreigners	+ 32	- 4	- 20	+ 62	+116	-128	- 22	- 17	+ 6	+ 11	+ 14	- 20
18	Change in official holding of sterling (increase, minus)	+ 16	- 1	+ 4	+ 6	- 28	- 17	+ 43	- 4	- 3	+ 2	+ 1	+ 1
17	Other capital movements	+ 39	+ 16	+ 18	- 27	- 39	+ 82	- 62	+ 37	- 32	+ 60	+ 9	+ 23
E	Net Capital Movement	-491	-357	+ 7	- 87	+ 13	- 23	- 16	+129	+ 94	+177	+261	+218
G	Balance Settled by Exchange Transfers:												
	Official settlements	-150	-505	-597	-466	+ 4	-185	-	-345	-367	-567	-561	-369
	Private settlements	- 23	- 13	- 25	- 28	- 18	- 11	-486	-	-	-	-	-
	Total financing of current account balance (item C)	-664	-875	-615	-581	- 1	-199	-502	-216	-273	-390	-300	-151

¹ Subject to revision.

TABLE III. Current Account Between Canada and All Countries, 1926-1957

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
millions of dollars					
1926	1,665	1,538	+ 127	-	+ 127
1927	1,633	1,643	- 10	-	- 10
1928	1,788	1,820	- 32	-	- 32
1929	1,646	1,957	- 311	-	- 311
1930	1,297	1,634	- 337	-	- 337
1931	972	1,146	- 174	-	- 174
1932	808	904	- 96	-	- 96
1933	829	831	- 2	-	- 2
1934	1,020	952	+ 68	-	+ 68
1935	1,145	1,020	+ 125	-	+ 125
1936	1,430	1,186	+ 244	-	+ 244
1937	1,593	1,413	+ 180	-	+ 180
1938	1,361	1,261	+ 100	-	+ 100
1939	1,457	1,331	+ 126	-	+ 126
1940	1,776	1,627	+ 149	-	+ 149
1941	2,458	1,967	+ 491	-	+ 491
1942	3,376	2,275	+1,101	-1,002	+ 99
1943	4,064	2,858	+1,206	- 518	+ 688
1944	4,557	3,539	+1,018	- 960	+ 58
1945	4,456	2,910	+1,546	- 858	+ 688
1946	3,365	2,905	+ 460	- 97	+ 363
1947	3,748	3,699	+ 49	-	+ 49
1948	4,147	3,696	+ 451	-	+ 451
1949	4,089	3,912	+ 177	-	+ 177
1950	4,297	4,574	- 277	- 57	- 334
1951	5,311	5,683	- 372	- 145	- 517
1952	5,858	5,494	+ 364	- 200	+ 164
1953	5,737	5,934	- 197	- 246	- 443
1954	5,520	5,668	- 148	- 284	- 432
1955	6,072	6,548	- 476	- 222	- 698
1956	6,621	7,830	-1,209	- 157	-1,366
1957 ³	6,625	7,918	-1,293	- 107	-1,400

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

TABLE IV. Quarterly Estimates of the Canadian Balance of International Payments, 1955-1957

A. BETWEEN CANADA AND ALL COUNTRIES

No.	Account	1955				1956				1957 ¹			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
millions of dollars													
A	Current Receipts:												
1	Merchandise exports (adjusted).....	967	1,098	1,127	1,140	1,051	1,262	1,247	1,277	1,102	1,215	1,308	1,284
3	Gold production available for export	39	39	37	40	37	40	38	35	39	31	27	50
4	Travel expenditures	26	66	182	54	26	65	191	55	31	76	197	59
5	Interest and dividends	26	32	27	75	37	39	25	41	25	37	31	56
6	Freight and shipping	82	100	108	108	102	115	120	120	104	114	113	100
7	Inheritances and immigrants' funds.....	16	25	24	21	17	28	26	28	25	42	34	23
11	All other current receipts.....	77	105	105	104	94	114	110	124	111	106	91	87
12	Total current receipts.....	1,233	1,465	1,610	1,542	1,364	1,663	1,757	1,680	1,437	1,621	1,801	1,659
B	Current Payments:												
1	Merchandise imports (adjusted).....	971	1,150	1,163	1,259	1,245	1,542	1,351	1,427	1,328	1,518	1,350	1,292
4	Travel expenditures	78	119	156	96	93	133	169	103	100	142	178	105
5	Interest and dividends	131	99	91	162	115	110	128	170	129	142	141	181
6	Freight and shipping	78	108	113	116	99	134	132	137	109	143	135	119
7	Inheritances and emigrants' funds	21	23	30	31	25	28	31	31	27	30	32	33
9	Official contributions	5	4	8	7	9	10	5	6	5	8	7	17
11	All other current payments.....	134	125	134	136	148	142	157	150	166	166	153	162
12	Total current payments.....	1,418	1,628	1,695	1,807	1,734	2,099	1,973	2,024	1,864	2,149	1,996	1,909
	Balance on merchandise trade.....	- 4	- 52	- 36	- 119	- 194	- 280	- 104	- 150	- 226	- 303	- 42	- 8
	Balance on other transactions, excluding B9	- 176	- 107	- 41	- 139	- 167	- 146	- 107	- 188	- 196	- 217	- 146	- 225
	Official contributions	- 5	- 4	- 8	- 7	- 9	- 10	- 5	- 6	- 5	- 8	- 7	- 17
C	Current Account Balance	- 185	- 163	- 85	- 265	- 370	- 436	- 216	- 344	- 427	- 528	- 195	- 250
D	Capital Account:												
	Direct investment:												
1	Direct investment in Canada	+ 85	+ 115	+ 104	+ 113	+ 119	+ 167	+ 116	+ 181	+ 91	+ 163	+ 137	+ 129
2	Direct investment abroad	- 11	- 12	- 12	- 39	- 66	- 4	- 23	- 11	- 20	- 22	- 18	- 5
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	- 82	- 51	- 47	+ 15	+ 46	- 14	- 8	- 13	- 10	- 3	- 15	- 15
3b	Trade in outstanding common and preference stocks	+ 49	+ 56	+ 23	+ 10	+ 29	+ 54	+ 76	+ 29	+ 40	+ 47	+ 43	+ 7
4	New issues	+ 109	+ 27	+ 17	+ 13	+ 112	+ 176	+ 179	+ 200	+ 264	+ 296	+ 142	+ 88
5	Retirements	- 86	- 61	- 19	- 18	- 71	- 23	- 25	- 22	- 41	- 23	- 45	- 28
	Foreign securities:												
6	Trade in outstanding issues	+ 14	- 6	+ 6	+ 11	- 18	+ 8	+ 8	+ 22	- 10	+ 19	+ 17	+ 11
7	New issues.....	- 5	- 17	- 4	- 22	- 2	- 6	- 4	- 6	- 4	- 4	- 8	- 7
8	Retirements	+ 3	-	+ 14	-	-	-	-	-	+ 1	+ 2	+ 1	+ 1
	Loans by Government of Canada:												
10	Repayment of post-war loans.....	-	+ 10	+ 2	+ 27	-	+ 13	-	+ 26	-	+ 11	-	+ 9
11	Repayment of war loans	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8
14	Change in Canadian dollar holdings of foreigners	+ 30	+ 39	+ 6	+ 14	- 22	- 5	- 2	+ 5	- 33	- 26	+ 7	+ 18
16	Change in official holdings of gold and foreign exchange (increase, minus)	+ 71	- 56	- 7	+ 36	+ 30	- 31	- 5	- 27	+ 13	- 22	+ 53	+ 61
17	Other capital movements	+ 1	+ 111	- 5	+ 97	+ 206	+ 93	- 103	- 48	+ 129	+ 82	- 126	- 27
E	Net Capital Movement.....	+ 185	+ 163	+ 85	+ 265	+ 370	+ 436	+ 216	+ 344	+ 427	+ 528	+ 195	+ 250

Notes: Quarterly totals in the account with all countries will not add to annual totals in Table I and Table IIA since Mutual Aid to NATO countries is not distributed by quarters.

For other notes applicable to this Table see notes to Table I.

TABLE IV. Quarterly Estimates of the Canadian Balance of International Payments, 1955-1957 - Continued

B. BETWEEN CANADA AND THE UNITED STATES

No.	Account	1955				1956				1957 ¹			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
millions of dollars													
A	Current Receipts:												
1	Merchandise exports (adjusted)	580	647	870	701	640	719	733	762	654	725	794	758
3	Gold production available for export	39	39	37	40	37	40	38	35	39	31	27	50
4	Travel expenditures	24	58	172	49	24	56	181	48	27	64	184	50
5	Interest and dividends	13	19	19	27	28	18	16	18	18	19	24	30
8	Freight and shipping	41	50	55	57	48	56	60	59	51	58	58	48
7	Inheritances and immigrants' funds	8	12	14	11	9	12	12	12	9	13	14	11
11	All other current receipts	61	86	84	87	74	91	90	99	89	85	69	63
12	Total current receipts	766	911	1,051	972	860	992	1,130	1,033	887	995	1,170	1,010
B	Current Payments:												
1	Merchandise imports (adjusted)	723	836	826	898	935	1,119	937	1,030	1,000	1,084	919	875
2	Travel expenditures	66	99	122	76	75	104	132	80	79	112	134	78
5	Interest and dividends	104	82	69	133	67	92	103	145	97	123	112	154
6	Freight and shipping	52	76	79	80	66	94	95	96	71	98	95	80
7	Inheritances and emigrants' funds	17	17	23	25	22	22	25	25	24	24	26	26
11	All other current payments	81	81	63	87	89	92	97	92	99	104	96	103
12	Total current payments	1,043	1,191	1,202	1,299	1,274	1,523	1,389	1,468	1,379	1,545	1,382	1,316
C	Current Account Balance	- 277	- 280	- 151	- 327	- 414	- 531	- 259	- 435	- 483	- 550	- 212	- 306
D	Capital Account:												
	Direct investment:												
1	Direct investment in Canada	+ 49	+ 95	+ 80	+ 82	+ 78	+ 100	+ 76	+ 152	+ 75	+ 110	+ 113	+ 105
2	Direct investment abroad	- 7	- 10	- 6	- 33	- 57	+ 7	- 16	- 4	- 10	- 12	- 8	- 6
	Canadian securities:												
3a	Trade in outstanding bonds and de-	- 78	- 52	- 44	+ 15	+ 33	- 25	- 17	- 26	- 18	- 11	- 15	- 24
3b	Trade in outstanding common and	+ 35	+ 44	+ 8	+ 5	+ 22	+ 27	+ 24	- 4	+ 5	- 11	+ 7	+ 3
4	New issues	+ 96	+ 10	+ 10	+ 11	+ 107	+ 160	+ 166	+ 168	+ 237	+ 276	+ 124	+ 77
5	Retirements	- 84	- 55	- 13	- 17	- 67	- 22	- 23	- 21	- 26	- 19	- 41	- 23
	Foreign securities:												
6	Trade in outstanding issues	+ 14	+ 2	+ 8	+ 7	- 20	+ 6	+ 5	+ 19	- 11	+ 19	+ 15	+ 10
7	New issues	- 4	- 1	- 2	- 1	- 1	- 4	- 4	- 4	- 4	- 3	- 3	- 5
8	Retirements	+ 2	-	-	-	-	-	-	-	+ 1	+ 1	+ 1	+ 1
14	Change in Canadian dollar holdings of	+ 11	+ 40	+ 2	+ 13	- 38	- 6	+ 10	- 14	- 2	- 14	+ 3	+ 4
16	Change in official holdings of gold and	+ 70	- 58	- 8	+ 36	+ 29	- 28	- 4	- 31	+ 12	- 17	+ 49	+ 60
17	Other capital movements	+ 64	+ 56	- 54	+ 85	+ 184	+ 74	- 99	- 56	+ 118	+ 79	- 154	- 30
E	Net Capital Movement	+ 168	+ 71	- 17	+ 203	+ 270	+ 289	+ 118	+ 179	+ 377	+ 398	+ 91	+ 172
G	Balance Settled by Exchange Transfers	+ 109	+ 209	+ 168	+ 124	+ 144	+ 242	+ 141	+ 256	+ 106	+ 152	+ 121	+ 134
	Total financing of current account balance												
	(item C).....	+ 277	+ 280	+ 151	+ 327	+ 414	+ 531	+ 259	+ 435	+ 483	+ 550	+ 212	+ 306

TABLE IV. Quarterly Estimates of the Canadian Balance of International Payments, 1955-1957 - Continued
C. BETWEEN CANADA AND THE UNITED KINGDOM

No.	Account	1955				1956				1957			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
A	Current Receipts:												
1	Merchandise exports (adjusted)	183	201	199	189	180	199	220	219	163	180	212	194
4	Travel expenditures	1	4	5	3	1	5	5	3	2	6	7	3
5	Interest and dividends	3	2	2	34	2	3	3	6	3	2	2	3
6	Freight and shipping	21	24	26	26	24	25	25	24	21	27	23	22
7	Inheritances and immigrants' funds	4	6	5	5	4	6	7	7	8	15	11	6
11	All other current receipts	8	11	11	9	11	12	11	13	12	11	11	11
12	Total current receipts	220	248	248	266	222	250	271	272	209	241	266	239
B	Current Payments:												
1	Merchandise imports (adjusted)	88	99	111	108	97	149	128	119	114	144	132	130
4	Travel expenditures	5	11	14	10	6	14	16	10	6	12	18	11
5	Interest and dividends	23	13	18	21	23	13	20	17	25	13	22	18
6	Freight and shipping	10	11	14	14	12	16	14	17	15	18	17	18
7	Inheritances and emigrants' funds	3	4	5	4	2	4	4	4	2	4	4	5
11	All other current payments	20	11	18	17	19	20	20	19	23	21	20	21
12	Total current payments	149	149	180	174	159	216	202	186	185	212	213	203
C	Current Account Balance	+ 71	+ 99	+ 68	+ 92	+ 63	+ 34	+ 69	+ 86	+ 24	+ 29	+ 53	+ 36
D	Capital Account:												
	Direct investment:												
1	Direct investment in Canada	+ 21	+ 14	+ 15	+ 16	+ 14	+ 39	+ 28	+ 17	+ 8	+ 24	+ 15	+ 18
2	Direct investment abroad	-	-	- 1	-	- 1	-	- 1	- 1	+ 1	+ 1	+ 1	+ 1
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	-	- 4	-	+ 2	+ 2	+ 3	+ 3	+ 3	+ 1	+ 2	- 5	+ 2
3b	Trade in outstanding common and preference stocks	+ 10	+ 6	+ 9	+ 3	+ 1	+ 16	+ 35	+ 20	+ 27	+ 43	+ 17	+ 1
4	New issues	+ 9	+ 3	+ 2	+ 1	+ 3	+ 10	+ 9	+ 14	+ 23	+ 14	+ 14	+ 9
5	Retirements	- 2	- 4	- 5	-	-	- 1	-	- 1	- 14	- 2	- 1	- 4
	Foreign securities:												
6	Trade in outstanding issues	-	- 9	- 2	+ 2	+ 1	-	+ 2	+ 1	+ 1	- 1	+ 1	+ 1
7	New issues	-	-	- 2	-	-	-	-	-	-	-	-	-
	Loans by Government of Canada:												
10	Repayment of post-war loans	-	-	-	+ 15	-	-	-	+ 15	-	-	-	-
11	Repayment of war-loans	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 8	+ 7	+ 6
14	Change in Canadian dollar holdings of foreigners	+ 19	- 17	+ 3	+ 4	+ 13	+ 5	- 14	+ 12	- 16	- 16	+ 4	+ 10
16	Change in official holdings of sterling (increase, minus)	+ 1	+ 2	- 1	-	+ 1	- 3	- 1	+ 4	+ 1	- 5	+ 4	+ 1
17	Other capital movements	- 62	+ 40	+ 68	+ 11	+ 9	+ 5	+ 2	+ 5	- 5	-	+ 17	+ 12
E	Net Capital Movement	+ 3	+ 39	+ 93	+ 64	+ 50	+ 82	+ 70	+ 97	+ 34	+ 68	+ 74	+ 59
G	Balance Settled by Exchange Transfers	- 74	-136	-161	-156	-113	-116	-139	-183	- 58	- 97	-127	- 95
	Total financing of current account balance (item C)	- 71	- 99	- 68	- 92	- 63	- 34	- 69	- 86	- 24	- 29	- 53	- 36

TABLE IV. Quarterly Estimates of the Canadian Balance of International Payments, 1955-1957 - Concluded

D. BETWEEN CANADA AND OTHER COUNTRIES

No.	Account	1955				1956				1957 ¹			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
		millions of dollars											
	Rest of the Sterling Area:												
A 1	Merchandise exports	55	65	76	58	58	75	61	62	55	63	56	72
	Other current receipts	16	14	16	18	15	18	16	19	11	17	13	28
12	Total current receipts	71	79	92	76	73	93	77	81	66	80	69	100
B 1	Merchandise imports	38	57	58	58	41	57	65	59	40	70	67	62
	Other current payments	11	9	14	13	16	17	10	11	13	17	14	23
12	Total current payments	49	66	72	71	57	74	75	70	53	87	81	85
C	Current Account Balance	+ 22	+ 13	+ 20	+ 5	+ 16	+ 19	+ 2	+ 11	+ 13	- 7	- 12	+ 15
	Non-Sterling Area Overseas Countries:												
A 1	Merchandise exports	149	185	182	192	173	269	233	234	230	247	246	260
	Other current receipts	27	42	37	36	36	59	46	60	45	58	50	50
12	Total current receipts	176	227	219	228	209	328	279	294	275	305	296	310
B 1	Merchandise imports	122	158	168	195	172	217	221	219	174	220	232	225
	Other current payments	55	64	73	68	72	69	86	81	82	85	88	80
12	Total current payments	177	222	241	263	244	286	307	300	256	305	320	305
C	Current Account Balance	- 1	+ 5	- 22	- 35	- 35	+ 42	- 28	- 6	+ 19	-	- 24	+ 5
C	Current Account Balance with above Areas	+ 21	+ 18	- 2	- 30	- 19	+ 61	- 26	+ 5	+ 32	- 7	- 36	+ 20
D	Capital Account:												
	Direct investment:												
1	Direct investment in Canada	+ 15	+ 6	+ 9	+ 13	+ 27	+ 28	+ 12	+ 12	+ 8	+ 29	+ 9	+ 6
2	Direct investment abroad	- 4	- 2	- 5	- 6	- 8	- 11	- 6	- 6	- 11	- 11	- 11	-
	Canadian securities:												
3a	Trade in outstanding bonds and debentures	- 4	+ 5	- 3	- 2	+ 11	+ 8	+ 6	+ 10	+ 7	+ 6	+ 5	+ 7
3b	Trade in outstanding common and preference stocks	+ 4	+ 6	+ 6	+ 2	+ 6	+ 11	+ 17	+ 13	+ 8	+ 15	+ 19	+ 3
4	New issues	+ 4	+ 14	+ 5	+ 1	+ 2	+ 6	+ 4	+ 18	+ 4	+ 6	+ 4	+ 2
5	Retirements	-	- 2	- 1	- 1	- 4	-	- 2	-	- 1	- 2	- 3	- 1
	Foreign securities:												
6	Trade in outstanding issues	-	+ 1	-	+ 2	+ 1	+ 2	+ 1	+ 2	-	+ 1	+ 1	-
7	New issues	- 1	- 16	-	- 21	- 1	- 2	-	- 2	-	- 1	- 5	- 2
8	Retirements	1	-	+ 14	-	-	-	-	-	-	+ 1	-	-
10	Repayment of post-war loans by Government of Canada	-	+ 10	+ 2	+ 12	-	+ 13	-	+ 11	-	+ 11	-	+ 9
14	Change in Canadian dollar holdings of foreigners	-	+ 16	+ 1	- 3	+ 3	- 4	+ 2	+ 7	- 15	+ 4	-	+ 4
17	Other capital movements	- 1	+ 15	- 19	+ 1	+ 13	+ 14	- 6	+ 3	+ 16	+ 3	+ 11	- 9
E	Net Capital Movement	+ 14	+ 53	+ 9	- 2	+ 50	+ 65	+ 28	+ 68	+ 16	+ 62	+ 30	+ 19
G	Balance Settled by Exchange Transfers	- 35	- 71	- 7	+ 32	- 31	- 126	- 2	- 73	- 48	- 55	+ 6	- 39
	Total financing of current account balance (item C)	- 21	- 18	+ 2	+ 30	+ 19	- 61	+ 26	- 5	- 32	+ 7	+ 36	- 20

¹ Subject to revision.

TABLE V. Estimate of the Canadian Balance of International Indebtedness, Selected Year Ends, 1926-1957
(exclusive of short-term commercial indebtedness and blocked currencies)

Item	1926	1930	1933	1939	1945	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957 ^a
billions of dollars															
Canadian Liabilities (Foreign capital invested in Canada):															
Direct investments VIII, X	1.8	2.4	2.4	2.3	2.7	3.3	3.6	4.0	4.5	5.2	6.0	6.8	7.7	8.8	9.8
Government and municipal bonds IX	1.4	1.7	1.7	1.7	1.7	1.6	1.8	2.0	2.1	2.0	2.1	2.1	1.9	2.1	2.3
Other portfolio investments VIII	2.5	3.2	3.0	2.6	2.4	2.3	2.3	2.4	2.5	2.7	2.9	3.1	3.1	3.5	3.8
Income accumulating investment funds	—	—	—	—	—	—	—	—	—	—	—	0.1	0.2	0.2	0.3
Miscellaneous investments VIII	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4 ^b	0.5	0.6	0.6	0.8	0.9
Total non-resident long-term investment in Canada VIII, IX	6.0	7.6	7.4	6.9	7.1	7.5	8.0	8.7	9.5	10.4	11.5	12.5	13.5	15.6	17.1
Equity of non-residents in Canadian assets abroad	2	2	2	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.6	0.6	0.7	0.8	0.8
Canadian dollar holdings of non-residents	2	2	2	0.3	0.3	0.3	0.4	0.6	0.4	0.3	0.3	0.3	0.4	0.4	0.4
Canadian short-term assets of IBRD and IMF	—	—	—	—	—	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Gross Liabilities	6.4	8.0	7.7	7.4	7.6	8.4	8.9	9.9	10.6	11.4	12.6	13.7	14.8	17.0	18.5
United States	3.5	4.9	4.7	4.5	5.4	6.0	6.4	7.1	7.9	8.5	9.5	10.3	11.1	12.6	13.8
United Kingdom	2.7	2.9	2.8	2.6	1.8	1.7	1.6	2.0	1.9	2.0	2.2	2.3	2.5	2.8	3.1
Other countries, IBRD and IMF	0.2	0.2	0.2	0.3	0.4	0.7	0.7	0.8	0.8	0.9	1.0	1.0	1.2	1.5	1.7
Canadian Assets (Canadian capital invested abroad):															
Direct investments VII	0.4	0.4	0.4	0.7	0.7	0.8	0.9	1.0	1.2	1.3	1.5	1.6	1.7	1.9	2.1
Portfolio investments VII	0.5	0.8	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.8 ^b	0.9	0.9	1.0	1.0	1.0
Government of Canada loans and advances VII	—	—	—	—	0.7	1.9	2.0	2.0	1.9	1.9	1.8	1.7	1.6	1.6	1.5
Government of Canada subscriptions to IBRD, IFC and IMF	—	—	—	—	—	0.4	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	3.6	4.0	4.0	4.1	4.4	4.5	4.6	4.7	4.8	5.0
Government of Canada holdings of gold and foreign exchange VI	2	2	2	0.5	1.7	1.0	1.2	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8
Other Canadian short-term assets abroad	2	2	2	—	0.1	—	0.1	0.1	0.1	0.3	0.3	0.4	0.3	0.5	0.8
Gross Assets	1.3	1.5	1.4	1.9	3.8	4.7	5.2	5.9	6.0	6.4	6.6	6.9	6.9	7.2	7.6
Government of Canada holdings of gold and foreign exchange	—	—	—	0.5	1.7	1.0	1.2	1.9	1.8	1.8	1.8	1.9	1.9	1.9	1.8
United States ^c	0.7	0.9	0.8	0.9	0.9	0.8	1.1	1.1	1.4	1.7	2.0	2.1	2.2	2.5	2.9
United Kingdom ^d	0.1	0.1	—	0.1	0.7	1.5	1.6	1.6	1.5	1.5	1.5	1.5	1.4	1.4	1.3
Other countries, IBRD, IFC and IMF	0.5	0.5	0.6	0.4	0.5	1.4	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.5
Canadian Net International Indebtedness:															
Net Liabilities	5.1	6.5	6.3	5.5	3.9	3.7	3.7	4.0	4.6	5.0	6.0	6.8	7.9	9.8	11.0
Government of Canada holdings of gold and foreign exchange	—	—	—	-0.5	-1.7	-1.0	-1.2	-1.9	-1.8	-1.8	-1.8	-1.9	-1.9	-1.9	-1.8
United States ^c	2.8	4.0	3.9	3.6	4.6	5.2	5.3	6.0	6.5	6.8	7.5	8.2	8.9	10.1	10.9
United Kingdom ^d	2.6	2.8	2.8	2.5	1.1	0.2	0.2	0.4	0.4	0.5	0.7	0.9	1.1	1.5	1.7
Other countries, IBRD, IFC and IMF	-0.3	-0.3	-0.4	-0.1	-0.1	-0.7	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.2	0.1	0.2

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.

^a Preliminary estimate.

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

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 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, 1950-1957

At end of	1950	1951	1952	1953	1954	1955	1956	1957
millions of U.S. dollars								
March	1,192.2	1,653.4	1,787.2	1,845.3	1,827.2	1,871.5	1,871.4	1,923.6
June	1,255.4	1,683.0	1,827.7	1,750.1	1,863.3	1,930.4	1,899.5	1,941.8
September	1,789.6	1,610.1	1,855.6	1,787.3	1,898.6	1,936.7	1,903.5	1,889.9
December	1,741.5	1,778.6	1,860.2	1,818.5	1,942.6	1,900.8	1,936.2	1,828.3

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

TABLE VII. Canadian Long-Term Investments Abroad¹, Selected Year Ends, 1926-1956

Location and year	Direct investment in branches subsidiaries and controlled companies					Portfolio investments in foreign securities			Total private long-term investments abroad	Government of Canada credits	Total
	Railways and utilities	Industrial and commercial	Mining and petroleum	Other concerns	Total direct investment	Stocks	Bonds	Total portfolio investment			
	millions of dollars										
In all Countries:											
1926	...	...	...	...	397	...	...	493	890	36	926
1930	...	...	...	...	443	...	...	789	1,232	31	1,263
1939	249	289	123	10	671 ³	511	208	719 ³	1,390	31	1,421
1945	239	337	138	6	720	454	167	621	1,341	707	2,048
1947	246	414	155	7	822	426	153	579	1,401	1,816	3,217
1949	276	553	91	6	926	477	161	638	1,564	2,000	3,564
1951	320	723	117	6	1,166	467	142	609	1,775	1,922	3,697
1952	326	771	163	11	1,271	669 ³	161	830	2,101	1,866	3,967
1953	402	859	215	9	1,485	690	179	869	2,354	1,778	4,132
1954	427	944	245	12	1,628	723	203	926	2,554	1,705	4,259
1955	438	1,002	291	18	1,749	767	226	993	2,742	1,635	4,377
1956	418	1,119	340	26	1,903	775	223	998	2,901	1,565	4,466
In the United States:											
1926	...	...	...	...	250	...	...	195	445	—	445
1930	...	...	...	...	260	...	...	459	719	—	719
1939	211	176	21	4	412 ³	380	121	501 ³	913	—	913
1945	212	214	25	4	455	317	92	409	864	—	864
1947	217	272	37	5	531	283	83	366	897	—	897
1949	247	413	58	3	721	345	98	443	1,164	—	1,164
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	632	123	7	1,127	469	95	564	1,691	—	1,691
1954	390	695	145	10	1,240	490	89	579	1,819	—	1,819
1955	393	719	175	14	1,301	539	89	628	1,929	—	1,929
1956	378	817	190	22	1,407	551	84	635	2,042	—	2,042
In the United Kingdom:											
1926	...	...	...	...	7	...	...	45	52	—	52
1930	...	...	...	...	14	...	...	45	59	—	59
1939	—	53	—	6	59 ³	22	21	43 ³	102	—	102
1945	—	53	—	1	54	26	27	53	107	561	668
1947	—	64	—	—	64	26	26	52	116	1,331	1,447
1949	—	58	—	1	59	21	19	40	99	1,434	1,533
1951	1	73	—	—	74	17	17	34	108	1,394	1,502
1952	1	80	—	—	81	17	14	31	112	1,357	1,469
1953	1	103	—	—	104	16	13	29	133	1,292	1,425
1954	1	118	—	—	119	17	14	31	150	1,247	1,397
1955	2	128	—	1	131	29	17	46	177	1,202	1,379
1956	3	135	—	1	139	32	16	46	187	1,157	1,344
In Other Commonwealth Countries ² :											
1939	7	30	17	—	54	7	15	22	76	—	76
1945	7	34	28	—	69	7	12	19	88	—	88
1947	8	47	30	—	85	7	11	18	103	—	103
1949	6	51	19	—	76	6	6	14	90	—	90
1951	7	61	20	—	66	6	8	14	102	—	102
1952	7	70	35	—	112	6	8	14	126	—	126
1953	6	73	54	—	133	6	8	14	147	—	147
1954	4	74	60	—	138	6	7	13	151	—	151
1955	4	83	72	—	159	7	21	28	187	—	187
1956	8	85	98	—	191	7	21	28	219	—	219
In Other Foreign Countries:											
1926	...	...	...	...	140 ⁴	...	...	253 ⁴	393 ⁴	36	429 ⁴
1930	...	...	...	...	169 ⁴	105	180	285 ⁴	454 ⁴	31	485 ⁴
1939	31	30	85	—	146 ²	102	51	153 ³	299	31	330
1945	20	36	85	1	142	104	36	140	282	146	428
1947	21	31	88	2	142	110	33	143	285	485	770
1949	23	31	14	2	70	105	36	141	211	566	777
1951	25	39	26	2	92	155	30	185	277	528	805
1952	25	49	33	3	110	196	53	249	359	509	868
1953	30	51	38	2	121	199	63	262	383	486	869
1954	32	57	40	2	131	210	93	303	434	458	892
1955	39	72	44	3	158	192	99	291	449	433	882
1956	29	82	52	3	166	185	102	287	453	408	861

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 to the International Bank for Reconstruction and Development, the International Finance Corporation and the International Monetary Fund, 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 (Table V).

² Including investments in Newfoundland prior to 1949.

³ New series not strictly comparable with earlier years.

⁴ Including investments in Other Commonwealth Countries.

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends, 1930-1956
 Classification by Type of Security and Nature of National Ownership

Long term investments in Canada	A. Owned by all Non-Residents							B. Owned by United States						
	1930	1945	1951	1953	1954	1955	1956	1930	1945	1951	1953	1954	1955	1956
	millions of dollars													
By Type of Assets														
Bonds and debentures:														
Government and municipal ¹	1,706	1,662	2,103	2,087	2,056	1,868	2,134	1,205	1,450	1,898	1,870	1,822	1,639	1,871
Steam railways.....	1,481	843	676	619	604	538	504	598	495	335	287	274	213	182
Other corporations.....	796	561	674	1,080	1,162	1,226	1,481	600	414	542	903	981	1,023	1,235
Sub-total.....	3,983	3,066	3,453	3,786	3,822	3,632	4,119	2,403	2,359	2,775	3,060	3,077	2,875	3,288
Capital stock of Canadian companies.....	2,856	3,194	4,745	5,722	6,285	6,938	8,012	1,832	2,088	3,477	4,237	4,620	5,028	5,737
Other corporation assets ²	480	548	951	1,486	1,774	2,090	2,355	331	413	812	1,316	1,563	1,840	2,036
Income accumulating investment funds.....	—	—	—	—	102	170	249	—	—	—	—	102	170	249
Miscellaneous investments.....	295	284	328	467 ³	561	641	821	94	130	195	257 ³	302	367	475
Total investments.....	7,614	7,092	9,477	11,461	12,544	13,471	15,556	4,660	4,990	7,259	8,870	9,664	10,280	11,785
By Nature of National Ownership														
I. Direct Investments (controlled in country of ownership):														
Bonds and debentures:														
Steam railways.....	52	46	36	36	37	36	36	42	38	29	29	29	29	29
Other corporations.....	357	281	346	580	615	718	763	294	254	319	550	589	676	710
Sub-total.....	409	327	382	616	652	754	799	336	292	348	579	618	705	739
Capital stock of Canadian companies.....	1,543	1,860	3,205	3,951	4,399	4,938	5,729	1,330	1,613	2,750	3,356	3,659	4,022	4,638
Other corporation assets ²	475	526	933	1,436	1,713	2,033	2,301	327	399	798	1,271	1,510	1,789	1,987
Total direct investments.....	2,427	2,713	4,520	6,003	6,764	7,725	8,829	1,993	2,304	3,896	5,206	5,787	6,516	7,364
II. Government and Municipal Bonds¹.....	1,706	1,662	2,103	2,087	2,056	1,868	2,134	1,205	1,450	1,898	1,870	1,822	1,639	1,871
III. Other Portfolio Investments (not controlled in country of ownership):														
Bonds and debentures:														
Steam railways — Controlled in Canada.....	1,427	795	637	580	564	499	467	556	457	306	258	245	184	153
— controlled in other countries ..	2	2	3	3	3	3	1	—	—	—	—	—	—	—
Other corporations — controlled in Canada.....	421	220	239	369	415	369	478	301	158	214	344	383	331	436
— controlled in other countries.....	18	60	89	131	132	139	240	5	2	9	9	9	16	89
Sub-total.....	1,868	1,077	968	1,083	1,114	1,010	1,186	862	617	529	611	637	531	678
Capital stock of Canadian companies:														
Companies controlled in Canada.....	1,233	1,249	1,423	1,624	1,753	1,840	2,078	484	462	709	854	930	963	1,056
Companies controlled in other countries.....	80	85	117	147	133	160	205	18	13	18	27	31	43	43
Other corporation assets ² :														
Companies controlled in Canada.....	5	16	11	39	45	42	33	4	13	10	38	41	38	31
Companies controlled in other countries.....	—	6	7	11	16	15	21	—	1	4	7	12	13	18
Income accumulating investment funds.....	—	—	—	—	102	170	249	—	—	—	—	102	170	249
Total other portfolio investments.....	3,186	2,433	2,526	2,904	3,163	3,237	3,772	1,368	1,106	1,270	1,537	1,753	1,758	2,075
IV. Miscellaneous Investments:														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.....	295	284	328	467 ³	561	641	821	94	130	195	257 ³	302	367	475
SUMMARY														
I. Direct investments.....	2,427	2,713	4,520	6,003	6,764	7,725	8,829	1,993	2,304	3,896	5,206	5,787	6,516	7,364
II. Government and municipal bonds.....	1,706	1,662	2,103	2,087	2,056	1,868	2,134	1,205	1,450	1,898	1,870	1,822	1,639	1,871
III. Other portfolio investments.....	3,186	2,433	2,526	2,904	3,163	3,237	3,772	1,368	1,106	1,270	1,537	1,753	1,758	2,075
IV. Miscellaneous investments.....	295	284	328	467 ³	561	641	821	94	130	195	257 ³	302	367	475
Total investments.....	7,614	7,092	9,477	11,461	12,544	13,471	15,556	4,660	4,990	7,259	8,870	9,664	10,280	11,785

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends, 1930-1956 — Concluded
Classification by Type of Security and Nature of National Ownership

Long term investments in Canada	C. Owned by United Kingdom							D. Owned by all Other Countries						
	1930	1945	1951	1953	1954	1955	1956	1930	1945	1951	1953	1954	1955	1956
millions of dollars														
By Type of Assets														
Bonds and debentures:														
Government and municipal ¹	486	157	146	150	144	141	152	15	55	59	67	90	88	111
Steam railways	862	316	309	300	298	296	296	21	32	32	32	32	29	26
Other corporations	171	116	104	149	153	156	174	25	31	28	28	28	47	72
Sub-total	1,519	589	559	599	595	593	622	61	118	119	127	150	164	209
Capital stock of Canadian companies	942	973	1,044	1,166	1,291	1,420	1,640	82	133	224	319	374	490	635
Other corporation assets ²	134	103	110	127	154	179	231	15	32	29	43	57	71	88
Miscellaneous investments	171	85	65	116 ³	137	157	168	30	69	68	94 ³	122	117	178
Total investments	2,766	1,750	1,778	2,008	2,177	2,349	2,661	188	352	440	583	703	842	1,110
By Nature of National Ownership														
I. Direct Investments (controlled in country of ownership):														
Bonds and debentures:														
Steam railways	10	8	7	7	8	7	7	—	—	—	—	—	—	—
Other corporations	49	13	13	15	13	10	21	14	14	14	15	13	32	32
Sub-total	59	21	20	22	21	17	28	14	14	14	15	13	32	32
Capital stock of Canadian companies	200	226	369	466	587	689	784	13	21	86	129	153	227	307
Other corporation assets ²	133	101	108	124	151	178	230	15	26	27	41	52	66	84
Total direct investments	392	348	497	612	759	884	1,042	42	61	127	185	218	325	423
II. Government and Municipal Bonds¹	486	157	146	150	144	141	152	15	55	59	67	90	88	111
III. Other Portfolio Investments (not controlled in country of ownership):														
Bonds and debentures:														
Steam railways — controlled in Canada	850	306	299	290	287	286	288	21	32	32	32	32	29	26
— controlled in other countries	2	2	3	3	3	3	1	—	—	—	—	—	—	—
Other corporations — controlled in Canada	116	46	11	12	18	24	22	4	16	14	13	14	14	20
— controlled in other countries	6	57	80	122	122	122	131	7	1	—	—	1	1	20
Sub-total	974	411	393	427	430	435	442	32	49	46	45	47	44	66
Capital stock of Canadian companies:														
Companies controlled in Canada	685	691	602	617	648	672	782	64	96	112	153	175	205	240
Companies controlled in other countries	57	56	63	83	56	59	74	5	16	26	37	46	58	88
Other corporation assets ² :														
Companies controlled in Canada	1	2	1	1	1	1	1	—	1	—	—	3	3	1
Companies controlled in other countries	—	—	1	2	2	—	—	—	5	2	2	2	2	3
Total other portfolio investments	1,717	1,160	1,070	1,130	1,137	1,167	1,299	101	167	186	237	273	312	398
IV. Miscellaneous Investments:														
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	171	85	65	116 ³	137	157	168	30	69	68	94 ³	122	117	178
SUMMARY														
I. Direct investments	392	348	497	612	759	884	1,042	42	61	127	185	218	325	423
II. Government and municipal bonds	486	157	146	150	144	141	152	15	55	59	67	90	88	111
III. Other portfolio investments	1,717	1,160	1,070	1,130	1,137	1,167	1,299	101	167	186	237	273	312	398
IV. Miscellaneous investments	171	85	65	116 ³	137	157	168	30	69	68	94 ³	122	117	178
Total investments	2,766	1,750	1,778	2,008	2,177	2,349	2,661	188	352	440	583	703	842	1,110

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

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

³ New series not strictly comparable with earlier years.

TABLE IX. Foreign Capital Invested in Canada, Selected Year Ends, 1930-1956
Classification by Type of Investment

Long term investments in Canada by type of investment	A. Owned by all Non-Residents							B. Owned by United States						
	1930	1945	1951	1953	1954	1955	1956	1930	1945	1951	1953	1954	1955	1956
	millions of dollars													
Government securities:														
Dominion	682	726	1,013	744	659	529	502	440	682	887	608	515	393	340
Provincial	592	624	771	930	964	888	1,081	517	574	732	886	914	836	1,021
Municipal	432	312	319	413	433	451	551	248	194	279	376	393	410	510
Sub-total	1,706	1,662	2,103	2,087	2,056	1,868	2,134	1,205	1,450	1,898	1,870	1,822	1,639	1,871
Manufacturing:														
Vegetable products	208	268	366	424	443	477	521	123	199	277	323	338	365	405
Animal products	50	61	74	89	97	103	104	44	47	64	78	84	91	91
Textiles	49	83	117	115	120	121	128	26	41	61	59	62	85	70
Wood and paper products	586	455	718	840	939	997	1,110	489	383	568	682	774	826	940
Iron and products	262	319	530	699	722	894	1,084	233	297	492	649	668	769	893
Non-ferrous metals	125	274	463	694	727	786	896	118	209	367	543	571	619	701
Non-metallic minerals	24	57	80	111	126	137	162	19	48	60	78	91	87	101
Chemicals and allied products	122	169	297	366	430	452	496	89	124	227	276	294	304	340
Miscellaneous manufactures	33	37	70	93	117	59	65	33	34	57	66	79	53	59
Sub-total (excluding petroleum refining)	1,459	1,723	2,715	3,431	3,721	4,026	4,566	1,174	1,382	2,173	2,754	2,961	3,179	3,600
Petroleum and natural gas	150	157	693	1,252	1,488	1,854	2,257	147	149	682	1,205	1,426	1,717	2,045
Other mining and smelting	311	359	566	823	961	1,121	1,332	234	280	497	725	867	975	1,133
Public utilities:														
Railways	2,244	1,599	1,436	1,424	1,428	1,364	1,425	832	720	656	624	627	560	535
Other (excluding pipelines)	634	493	524	559	570	575	629	522	374	439	470	470	434	461
Sub-total	2,878	2,092	1,960	1,983	1,998	1,939	2,054	1,354	1,094	1,095	1,094	1,097	994	996
Merchandising	190	220	377	493	571	616	691	125	156	260	353	412	446	505
Financial institutions	543	525	595	774	1,014	1,229	1,495	251	285	353	482	649	815	991
Other enterprises	82	70	120	151	154	177	206	76	62	106	130	128	146	169
Miscellaneous investments	295	284	328	467	561	641	821	94	130	195	257	302	367	475
Total investments	7,614	7,092	9,477	11,461	12,544	13,471	15,556	4,660	4,990	7,259	8,870	9,664	10,280	11,785
	C. Owned by United Kingdom							D. Owned by all Other Countries						
	1930	1945	1951	1953	1954	1955	1956	1930	1945	1951	1953	1954	1955	1956
Government securities:														
Dominion	235	—	70	79	71	67	72	7	44	56	57	73	69	90
Provincial	69	45	38	36	38	39	45	6	5	1	8	12	13	15
Municipal	182	112	38	35	35	35	35	2	6	2	2	5	6	6
Sub-total	486	157	146	150	144	141	152	15	55	59	67	90	88	111
Manufacturing:														
Vegetable products	84	66	80	93	96	100	102	1	3	9	8	9	12	14
Animal products	5	6	5	5	6	6	7	1	8	5	6	7	6	6
Textiles	22	38	52	53	55	54	58	1	4	4	3	3	2	2
Wood and paper products	95	64	140	147	151	156	153	2	8	10	11	14	15	17
Iron and products	24	12	28	37	37	103	152	5	10	10	13	17	22	30
Non-ferrous metals	6	64	91	142	146	153	175	1	1	5	9	10	14	20
Non-metallic minerals	5	6	20	27	27	33	31	—	1	—	6	8	17	30
Chemicals and allied products	32	36	60	77	121	132	137	1	9	10	13	15	16	19
Miscellaneous manufactures	—	2	12	26	37	4	4	—	1	1	1	1	2	2
Sub-total (excluding petroleum refining)	273	296	488	607	676	741	817	12	45	54	70	84	106	149
Petroleum and natural gas	3	7	7	14	17	30	72	—	1	4	33	45	107	140
Other mining and smelting	72	60	58	59	68	86	117	5	19	31	39	46	60	82
Public utilities:														
Railways	1,352	806	704	702	699	696	765	60	73	76	98	102	106	125
Other (excluding pipelines)	100	90	56	57	65	86	97	12	29	29	32	35	55	71
Sub-total	1,452	896	760	759	764	784	862	72	102	105	130	137	161	196
Merchandising	61	57	102	120	136	145	158	4	5	15	20	23	23	28
Financial institutions	243	186	142	167	213	240	286	49	54	100	125	152	174	218
Other enterprises	5	6	10	16	22	25	29	1	2	4	5	4	6	8
Miscellaneous investments	171	85	65	116	137	157	168	30	69	68	94	122	117	176
Total investments	2,766	1,750	1,778	2,008	2,177	2,349	2,661	188	352	440	583	703	842	1,110

¹ New series not strictly comparable with earlier years.

TABLE X. Foreign Direct Investment¹ in Canada, Selected Year Ends, 1930-1956
Classification by Type of Business

Direct investment in Canada by type of business	A. Owned by all Non-Residents							B. Owned by United States						
	1930	1945	1951	1953	1954	1955	1956	1930	1945	1951	1953	1954	1955	1956
	millions of dollars													
Manufacturing:														
Vegetable products	165	200	291	351	373	391	438	94	140	214	261	279	302	343
Animal products	42	47	66	77	84	91	92	38	44	60	70	76	83	83
Textiles	33	56	86	85	92	98	105	20	28	46	43	47	53	58
Wood and paper products	378	348	564	682	763	812	875	334	316	454	560	642	687	754
Iron and products	203	277	467	617	638	805	979	199	272	451	591	606	706	818
Non-ferrous metals	116	211	375	541	570	624	726	113	203	362	519	543	585	661
Non-metallic minerals	20	43	74	99	111	122	136	17	39	59	72	82	79	84
Chemicals and allied products	102	144	257	317	411	432	476	86	118	219	266	281	291	327
Miscellaneous manufactures	31	33	68	91	114	57	63	31	31	56	65	77	52	58
Sub-Total (excluding petroleum refining)....	1,090	1,359	2,248	2,860	3,156	3,432	3,890	932	1,191	1,921	2,447	2,633	2,838	3,186
Petroleum and Natural gas	142	138	641	1,164	1,384	1,754	2,119	141	138	636	1,130	1,344	1,638	1,953
Other mining and smelting	217	240	419	580	671	812	908	191	218	397	561	650	781	857
Utilities (excluding pipelines)	450	375	361	320	319	320	291	423	358	341	298	298	270	222
Merchandising	160	202	361	434	501	538	613	109	147	249	301	348	377	437
Financial institutions	304	339	378	504	590	705	814	136	198	253	347	396	475	550
Other enterprises	64	60	112	141	143	164	194	61	54	99	122	116	137	159
Total	2,427	2,713	4,520	6,003	6,764	7,725	8,829	1,993	2,304	3,896	5,206	5,787	6,516	7,364
	C. Owned by United Kingdom							D. Owned by all Other Countries						
	1930	1945	1951	1953	1954	1955	1956	1930	1945	1951	1953	1954	1955	1956
Manufacturing:														
Vegetable products	71	60	74	86	90	85	88	—	—	3	4	4	4	7
Animal products	3	3	3	3	4	4	5	1	—	3	4	4	4	4
Textiles	13	26	38	41	44	45	47	—	2	2	1	1	—	—
Wood and paper products	44	30	109	121	120	124	120	—	2	1	1	1	1	1
Iron and products	3	4	14	21	23	87	133	1	1	2	5	9	12	28
Non-ferrous metals	3	8	10	15	19	27	49	—	—	3	7	8	12	16
Non-metallic minerals	3	4	15	22	21	26	23	—	—	—	5	8	17	29
Chemicals and allied products	15	19	30	42	119	130	135	1	7	8	9	11	11	14
Miscellaneous manufactures	—	2	12	26	37	4	4	—	—	—	—	—	1	1
Sub-Total (excluding petroleum refining)....	155	156	305	377	477	532	604	3	12	22	36	46	62	100
Petroleum and Natural gas	1	—	4	9	7	22	56	—	—	1	25	33	94	110
Other mining and smelting	25	22	18	15	17	27	48	1	—	4	4	4	4	3
Utilities (excluding pipeline)	27	16	16	16	16	33	39	—	1	4	6	5	17	30
Merchandising	48	51	97	115	131	139	150	3	4	15	18	22	22	26
Financial institutions	133	96	48	65	90	108	117	35	43	77	92	104	122	147
Other enterprises	3	5	9	15	21	23	28	—	1	4	4	4	4	7
Total	392	348	497	612	759	884	1,042	42	61	127	185	218	325	423

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

TABLE XI. Number of Canadian Concerns Controlled Abroad¹, End of 1956
Classification by Country of Ownership and Type of Business

Type of business	Controlled in United States			Controlled in United Kingdom			Controlled in Other Countries			Controlled outside Canada
	Subsidiaries or controlled companies	Unincorporated branches	Total number	Subsidiaries or controlled companies	Unincorporated branches	Total number	Subsidiaries or controlled companies	Unincorporated branches	Total number	Total number
Manufacturing:										
Vegetable products	131	5	136	50	2	52	8	—	8	196
Animal products	62	—	62	5	1	6	4	—	4	72
Textiles	82	1	83	22	2	24	4	—	4	111
Wood and paper products	187	15	202	24	2	26	10	—	10	238
Iron and products	388	23	411	75	1	76	17	—	17	504
Non-ferrous metals	234	7	241	39	2	41	15	—	15	297
Non-metallic minerals	62	—	62	21	—	21	6	—	6	89
Chemicals and allied products	281	33	314	49	2	51	13	2	15	380
Miscellaneous manufactures	89	5	94	9	—	9	4	—	4	107
Sub-total (excluding petroleum refining)	1,516	89	1,605	294	12	306	81	2	83	1,994
Petroleum and natural gas	288	64	352	10	2	12	13	—	13	377
Other mining and smelting	173	35	208	37	1	38	10	1	11	257
Utilities:										
Railways	8	4	12	4	—	4	—	—	—	16
Other utilities (excluding pipe-lines)	80	19	99	33	4	37	41	6	47	183
Merchandising	742	113	855	303	39	342	91	5	96	1,293
Financial:										
Financial institutions except insurance	48	8	56	24	1	25	8	—	8	89
Insurance	13	190	203	23	86	109	7	44	51	363
Real estate	59	3	62	21	4	25	18	—	18	105
Other holding companies ²	46	9	55	35	2	37	33	1	34	126
Other enterprises	441	95	536	77	7	84	32	5	37	657
Total, all companies, 1956³	3,414	629	4,043	861	158	1,019	334	64	398	5,460
Total, all companies, 1945⁴	1,594	391	1,985	320	135	455	56	26	82	2,522

¹ The book value of all investments in these companies by residents of the country in which control lies is shown as direct investment in preceding tables.

² Excludes non-resident owned investment corporations included with portfolio investments.

³ Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 711; in the U.K. 239; in other countries 46.

⁴ Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 210; in the U.K. 58; in other countries 2.

TABLE XII. Non-Resident Ownership as a Percentage of Selected Canadian Industries, Selected Year Ends, 1926-1955

Industry classification	1926	1930	1939	1948	1951	1952	1953	1954	1955
Percentage of total owned by all non-residents:¹									
Manufacturing	38	40	42	42	45	46	47	48	49
Mining, smelting and petroleum exploration and development	37	44	40	39	51	54	56	59	62
Steam railways	55	56	57	45	50	38	37	35	33
Other utilities	32	36	27	20	17	17	17	16	14
Total of above industries and merchandising²	37	39	38	32	31	32	32	32	32
Percentage of total owned by United States residents:¹									
Manufacturing	30	33	34	35	37	38	39	39	39
Mining, smelting and petroleum exploration and development	28	34	31	32	45	49	52	54	56
Steam railways	15	21	18	21	18	17	16	15	13
Other utilities	23	30	20	16	15	15	15	14	12
Total of above industries and merchandising²	19	24	22	23	24	24	25	25	25

¹ For treatment of the petroleum industry see Statistical Note on page 33 of this report. See also Table XV.

² Corporations engaged in the construction industry are included in the post-war period.

TABLE XIII. Estimates of Foreign Capital Invested in Canada, Selected Year Ends, 1900-1957

Year	Total Non-Resident Investment			Percentage of Total Non-Resident Investment		
	Direct	Portfolio ¹	Total	United States	United Kingdom	Other Countries
	millions of dollars			%	%	%
1900 ²	...	...	1,232	14	85	1
1914 ³	...	...	3,837	23	72	5
1918 ³	...	...	4,536	36	60	4
1926	1,782	4,221	6,003	53	44	3
1930	2,427	5,187	7,614	61	36	3
1933	2,352	5,013	7,365	61	36	3
1939	2,296	4,617	6,913	60	36	4
1945	2,713	4,379	7,092	70	25	5
1946	2,826	4,355	7,181	72	23	5
1947	2,988	4,205	7,191	72	23	5
1948	3,270	4,239	7,509	74	22	4
1949	3,586	4,377	7,963	74	22	4
1950	3,975	4,689	8,664	76	20	4
1951	4,520	4,957	9,477	76	19	5
1952	5,218	5,167	10,385	77	18	5
1953	6,003	5,458	11,461	77	18	5
1954	6,764	5,780	12,544	77	17	6
1955	7,725	5,746	13,471	76	18	6
1956	8,829	6,727	15,556	76	17	7
1957	9,850 ⁴	7,250 ⁴	17,100 ⁴	76	17	7

Investment by Residents of the United States			Investment by Residents of the United Kingdom			Investment by Residents of Other Countries		
Direct	Portfolio ¹	Total	Direct	Portfolio ¹	Total	Direct	Portfolio ¹	Total
millions of dollars								
1900 ²	...	168	...	...	1,050	...	...	14
1914 ³	...	881	...	...	2,778	...	...	178
1918 ³	...	1,630	...	...	2,729	...	...	177
1926	1,403	1,793	3,196	336	2,301	43	127	170
1930	1,993	2,667	4,660	392	2,374	42	146	168
1933	1,933	2,559	4,492	376	2,307	43	147	190
1939	1,881	2,270	4,151	366	2,110	49	237	286
1945	2,304	2,686	4,990	348	1,402	61	291	352
1946	2,428	2,730	5,158	335	1,335	63	290	353
1947	2,548	2,653	5,201	372	1,275	66	277	343
1948	2,807	2,760	5,567	400	1,210	63	269	332
1949	3,095	2,811	5,906	428	1,289	83	277	340
1950	3,426	3,123	6,549	468	1,282	81	284	365
1951	3,896	3,363	7,259	497	1,281	127	313	440
1952	4,530	3,467	7,997	544	1,342	144	358	502
1953	5,206	3,664	8,870	612	1,396	185	398	583
1954	5,787	3,877	9,664	759	1,416	216	485	703
1955	6,516	3,764	10,280	884	1,465	325	517	842
1956	7,364	4,421	11,785	1,042	1,619	423	687	1,110
1957	8,200 ⁴	4,700 ⁴	12,900 ⁴	1,150 ⁴	1,765 ⁴	500 ⁴	785 ⁴	1,285 ⁴

¹ Including miscellaneous investments.² Estimated by Dr. Jacob Viner, Canada's Balance of International Indebtedness 1900-1913, (Cambridge 1924).³ Estimated by Prof. F.A. Knox, Excursus appearing in Canadian-American Industry, Marshall, Southard and Taylor, (New Haven, Toronto 1936). Statistics for 1926 and subsequent years are official data collected by the Dominion Bureau of Statistics.⁴ Provisional estimate subject to revision.

TABLE XIV. Non-Resident Control as a Percentage of Selected Canadian Industries, Selected Year Ends, 1926-1955

Industry classification	1926	1930	1939	1948	1951	1952	1953	1954	1955
Percentage of total control by all non-residents: ¹									
Manufacturing	35	36	38	43	48	51	52	54	57
Mining, smelting and petroleum exploration and development	38	47	42	40	53	56	57	59	66
Steam railways	3	3	3	3	2	2	2	2	2
Other utilities	20	29	26	24	20	11 ³	11	11	10
Total of above industries and merchandising ²	17	20	21	25	27	27	28	28	30
Percentage of total control by United States residents: ³									
Manufacturing	30	31	32	39	42	44	44	45	47
Mining, smelting and petroleum exploration and development	32	42	38	37	51	53	55	57	64
Steam railways	3	3	3	3	2	2	2	2	2
Other utilities	20	29	26	24	20	11 ³	11	10	9
Total of above industries and merchandising ²	15	18	19	22	24	24	24	24	26

¹ For treatment of the petroleum industry see Statistical Note on page 33 of this report. See also Table XV.² Corporations engaged in the construction industry are included in the post-war period.³ Ratio altered significantly through unusually large reclassification between foreign and Canadian-controlled companies.

TABLE XV. Ownership and Control of Selected Canadian Industries, 1954 and 1955¹

No.	Company classification	Estimated total investment	Investment Owned in:			
			Canada	United States	United Kingdom	Other Countries
			millions of dollars			
	End of 1954 ²					
	Petroleum:³					
1	Exploration and development	1,065	383	661	7	14
2	Refining	978	405	535	8	30
3	Merchandising	58	50	8	—	—
4	Transportation	214	55	158	1	—
5	Sub-total	2,315	893	1,362	16	44
	Mining:					
6	Smelting and refining of non-ferrous native ores	715	293	313	72	37
7	Other mining	1,148	457	643	33	15
8	Sub-total	1,863	750	956	105	52
	Other Manufacturing:⁴					
9	Pulp and paper	1,433	699	599	130	5
10	Textiles	605	477	70	55	3
11	Chemicals	654	233	285	121	15
12	Transportation equipment n.o.p.	245	161	47	37	—
13	Electrical apparatus	402	121	250	22	11
14	Agricultural machinery	155	100	53	—	—
15	Primary iron and steel	390	326	53	9	2
16	Beverages	330	235	82	12	1
17	Automobiles and parts	292	62	228	1	1
18	Rubber	134	30	94	10	—
19	Other	3,644	1,965	1,328	301	50
20	Sub-total	8,284	4,409	3,089	698	88
21	Total of above industries	12,462	6,052	5,407	819	184
	End of 1955					
	Petroleum:³					
22	Exploration and development	1,300	396	875	15	14
23	Refining	1,195	477	613	13	92
24	Merchandising	56	47	9	—	—
25	Transportation	224	74	149	1	—
26	Sub-total	2,775	994	1,646	29	106
	Mining:					
27	Smelting and refining of non-ferrous native ores	785	338	326	74	47
28	Other mining	1,315	505	741	48	21
29	Sub-total	2,100	843	1,067	122	68
	Other Manufacturing:⁴					
30	Pulp and paper	1,442	715	589	132	6
31	Textiles	594	473	65	54	2
32	Chemicals	737	260	329	132	16
33	Transportation equipment n.o.p.	242	139	43	60	—
34	Electrical apparatus	411	100	274	26	11
35	Agricultural machinery	160	102	56	2	—
36	Primary iron and steel	438	372	56	8	2
37	Beverages	385	282	89	12	2
38	Automobiles and parts	335	66	267	1	1
39	Rubber	139	26	102	11	—
40	Other	3,976	2,121	1,455	328	72
41	Sub-total	8,859	4,656	3,325	766	112
42	Total of above industries	13,734	6,493	6,036	917	286

¹ The figures in this table are subject to important statistical qualifications which are described in "Canada's International Investment Position 1926-1954" pages 68 to 70. The corporate classifications of foreign investment used have been altered in some cases from those appearing elsewhere in this report to correspond more closely with the classification of estimated total investment. The equity of non-residents in the holding of Consolidated Mining and Smelting Company of Canada Limited by Canadian Pacific Railway Company has been included under mining.

TABLE XV. Ownership and Control of Selected Canadian Industries, 1954 and 1955¹

Total Canadian and External Capital in Companies controlled in:			Percentage of Capital Employed Owned in:				Percentage of Capital Employed Controlled in:			No.
Canada	United States	Elsewhere outside Canada	Canada	United States	United Kingdom	Other Countries	Canada	United States	Elsewhere outside Canada	
millions of dollars			%	%	%	%	%	%	%	
385	661	19	36	62	1	1	36	62	2	1
240	707	31	41	55	1	3	25	72	3	2
50	8	—	86	14	—	—	86	14	—	3
16	198	—	26	74	—	—	7	93	—	4
691	1,574	50	39	59	—	2	30	68	2	5
323	392	—	41	44	10	5	45	55	—	6
492	622	34	40	56	3	1	43	54	3	7
815	1,014	34	40	51	6	3	44	54	2	8
623	648	162	49	42	9	—	44	45	11	9
497	58	50	79	12	9	—	82	10	8	10
163	332	159	36	44	18	2	25	51	24	11
156	51	38	66	19	15	—	64	21	15	12
90	312	51	30	62	4	2	22	56	19	13
104	25	—	65	34	—	—	67	—	—	14
365	47	19	84	14	2	—	94	8	—	15
264	277	—	71	25	4	—	80	14	6	16
15	112	13	22	78	—	—	5	95	—	17
9	1,585	311	22	70	8	—	7	84	9	18
1,748	3,447	803	54	37	8	1	48	43	9	19
4,034	6,835	887	53	37	9	1	49	41	10	20
5,540			49	43	7	1	45	48	7	21
344	909	47	31	67	1	1	26	70	4	22
124	954	117	40	51	1	8	10	80	10	23
47	9	—	84	16	—	—	84	16	—	24
30	194	—	33	67	—	—	13	87	—	25
545	2,066	164	36	59	1	4	20	74	6	28
246	539	—	43	42	9	6	31	69	—	27
557	712	46	36	56	4	2	43	54	3	28
803	1,251	46	40	51	8	3	38	60	2	29
657	626	159	50	41	9	—	46	43	11	30
468	57	49	80	11	9	—	82	10	8	31
174	373	190	35	45	16	2	23	51	26	32
108	44	90	57	18	25	—	45	18	37	33
76	279	56	24	67	6	3	18	68	14	34
107	53	—	64	35	1	—	67	33	—	35
405	33	—	85	13	2	—	92	8	—	36
333	50	2	73	23	3	1	86	13	1	37
13	322	—	20	80	—	—	4	96	—	38
3	122	14	19	73	8	—	2	88	10	39
1,871	1,780	325	53	37	8	2	47	45	8	40
4,235	3,739	885	53	37	9	1	48	42	10	41
5,583	7,056	1,095	47	44	7	2	41	51	8	42

¹ Revised.² It should be noted that the sub-divisions in this group are corporate and do not reflect the division of operations within individual corporations.³ Including "Other Enterprises".

TABLE XVI. Estimated Book Value, Ownership and Control of Capital Employed in Selected Canadian Industries, Selected Year Ends, 1926-1955

	1926	1930	1939	1948	1951	1952	1953	1954	1955
	billions of dollars								
Total Capital Employed:^{1 2}									
Manufacturing	3.1	3.9	3.5	5.7	7.3	7.8	8.6	9.3	10.0
Mining and smelting	0.6	0.8	0.8	1.1	1.6	2.0	2.5	2.9	3.4
Steam railways	3.5	4.0	3.4	3.4	3.6	3.8	3.9	4.1	4.2
Other utilities	1.3	1.7	2.1	2.6	3.8	4.3	5.1	5.6	6.3
Merchandising ³ and construction ⁴	2.1	2.5	2.1	3.2	4.5	5.1	5.6	6.2	6.7
Total of above	10.6	12.9	11.9	16.0	20.8	23.0	25.7	28.1	30.6
Resident Owned Capital:									
Manufacturing	1.9	2.3	2.0	3.3	4.1	4.1	4.5	4.9	5.1
Mining and smelting	0.4	0.5	0.5	0.7	0.8	0.9	1.1	1.2	1.3
Steam railways	1.8	1.7	1.5	1.9	2.2	2.4	2.5	2.6	2.8
Other utilities	0.9	1.1	1.5	2.1	3.1	3.6	4.3	4.7	5.4
Merchandising and construction	1.9	2.3	1.9	2.9	4.1	4.6	5.0	5.6	6.1
Total of above	6.7	7.9	7.4	10.9	14.3	15.6	17.4	19.0	20.7
Non-Resident Owned Capital:⁵									
Manufacturing	1.2	1.6	1.5	2.4	3.2	3.7	4.1	4.4	4.9
Mining and smelting	0.2	0.3	0.3	0.4	0.8	1.1	1.4	1.7	2.1
Steam railways	1.9	2.3	1.9	1.5	1.4	1.4	1.4	1.5	1.4
Other utilities	0.4	0.6	0.6	0.5	0.7	0.7	0.8	0.9	0.9
Merchandising	0.2	0.2	0.2	0.3	0.4	0.5	0.6	0.6	0.6
Total of above	3.9	5.0	4.5	5.1	6.5	7.4	8.3	9.1	9.9
United States Owned Investments:⁶									
Manufacturing	0.9	1.3	1.2	2.0	2.7	3.0	3.4	3.6	3.9
Mining and smelting	0.2	0.3	0.2	0.4	0.7	1.0	1.3	1.6	1.9
Steam railways	0.5	0.8	0.6	0.7	0.6	0.6	0.8	0.6	0.6
Other utilities	0.3	0.5	0.5	0.4	0.6	0.7	0.7	0.8	0.7
Merchandising	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.4	0.5
Total of above	2.0	3.0	2.6	3.7	4.9	5.6	6.4	7.0	7.6
Total Canadian and External Investment in All Companies Controlled Outside of Canada:									
Manufacturing	1.1	1.4	1.3	2.5	3.5	4.0	4.5	5.0	5.7
Mining and smelting	0.2	0.3	0.3	0.4	0.8	1.1	1.4	1.7	2.3
Steam railways	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other utilities	0.3	0.5	0.6	0.6	0.8	0.5	0.6	0.6	0.6
Merchandising	0.1	0.2	0.2	0.3	0.4	0.5	0.5	0.6	0.6
Total of above	1.8	2.5	2.5	3.9	5.6	6.2	7.1	8.0	9.3
Total Canadian and External Investment in Companies Controlled in the United States:									
Manufacturing	0.9	1.2	1.1	2.2	3.0	3.4	3.8	4.2	4.7
Mining and smelting	0.2	0.3	0.3	0.4	0.8	1.1	1.4	1.6	2.1
Steam railways	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other utilities	0.2	0.5	0.6	0.6	0.8	0.5	0.5	0.6	0.6
Merchandising	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.4	0.4
Total of above	1.5	2.2	2.2	3.5	5.0	5.4	6.2	6.9	7.9

¹ Based largely on reported statistics of capital employed 1926-1939 and estimated from Taxation Statistics and other sources for subsequent years (See Statistical Notes pages 68-70 in Canada's International Investment Position 1926-1954).

² For treatment of the petroleum industry see Statistical Note on page 33 of this report. See also Table XV.

³ Estimates of total capital employed in merchandising are founded on less satisfactory data than for other series and must be regarded as illustrating broad relative magnitudes only.

⁴ Corporations engaged in the construction industry are included in the post-war period.

⁵ For the post-war years the figures shown are in some cases somewhat larger than the corresponding data in preceding tables. "Other enterprises" have been included with manufacturing, and some funded debt of governments and municipalities relevant to undertakings in "Other utilities" has also been included.

Note: Because of rounding and of possible statistical shortcomings in parts of the series, it should be recognized that some of the amounts of year to year changes, derived from the table as shown, may have only a limited significance and may from time to time be misleading.

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