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THE CANADIAN
BALANCE OF INTERNATIONAL PAYMENTS
1963, 1964 and 1965
and
INTERNATIONAL INVESTMENT POSITION

DOMINION BUREAU OF STATISTICS

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DOMINION BUREAU OF STATISTICS
Balance of Payments and Financial Flows Division
Balance of Payments Section

THE CANADIAN
BALANCE OF INTERNATIONAL PAYMENTS
1963, 1964 and 1965
and
INTERNATIONAL INVESTMENT POSITION

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AREA CLASSIFICATION OF CANADA'S INTERNATIONAL TRANSACTIONS

United States

United Kingdom

Other Sterling Area includes the countries of the Commonwealth, United Kingdom dependencies, Burma, Iceland, Iraq (until 1959), Ireland, Jordan, Libya and Republic of South Africa.

Other OECD Countries include all the European countries participating in the Organisation for Economic Co-operation and Development, except the United Kingdom, Ireland and Iceland. These are Austria, Belgium, Luxembourg, Denmark together with Greenland, France, Federal Republic of Germany, Greece, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and Turkey. The United States, Canada and Japan are also members of the organization. Prior to 1962, this group was called the Organisation for European Economic Co-operation, in which Canada and the United States held only associate membership.

All Other Countries include countries in Latin America, Africa and Asia outside the Sterling Area, the Soviet Area, international financial agencies (unless otherwise indicated), and all other countries not specified above.

International Financial Agencies, where mentioned in this report, cover the International Bank for Reconstruction and Development, International Monetary Fund, International Finance Corporation and International Development Association.

OTHER RELATED PUBLICATIONS

"Quarterly Estimates of the Canadian Balance of International Payments" (Catalogue No. 67-001) \$2.00 per year.

"The Canadian Balance of International Payments - A Compendium of Statistics from 1946 to 1965" (Catalogue No. 67-505) \$2.50 per copy.

SYMBOLS

The interpretation of the symbols used in the tables throughout this publication is as follows:

- .. figures not available.
- ... figures not appropriate or not applicable.
- nil or less than \$0.5 million (less than \$50 million in case of tables in billions of dollars).
- amount too small to be expressed.
- ^p preliminary figures.
- ^r revised figures.
- * new series not strictly comparable with earlier years.

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SECTION 1

THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS

1963, 1964 and 1965

INTRODUCTION

The Canadian economy forged ahead in the years 1963, 1964 and 1965. There were successive increases of real output with the rate of growth reaching 6.5 per cent in the fifth year of expansion in 1965. The devaluation of the Canadian dollar in 1962 improved the country's competitive position; and with the world trading environment continuing to be generally favourable, except for the economic slowdown in 1965 affecting the United Kingdom and Japan among Canada's important markets, Canada's exports rose impressively. Large shipments of wheat to Sino-Soviet countries in the 3-year period under review were of considerable importance. Expanding production from new mines in the Quebec-Labrador area caused exports of iron ore to rise sharply in 1964. The signing of the Canada-United States Automotive Agreement in January 1965 led to a substantial increase in both exports and imports of motor vehicles and parts. In the first year of operation in 1965, however, Canada's import balance on automotive products continued to widen. Merchandise imports also increased vigorously in response to the strong domestic demand for materials, machinery and other investment goods, automobiles and consumer goods. In contrast, the value of imports of foods declined in 1965, owing to a sharp drop in the price of sugar. The transition in 1962 from a fluctuating to a fixed rate of exchange, as well as the accompanying reduction in the foreign exchange value of the Canadian dollar, was an important underlying element in the background affecting trade and some other items of Canada's balance of international payments. The deficit on non-merchandise transactions, which topped \$1 billion by a small margin in 1962 and 1963, rose to \$1,125 million in 1964 and to \$1,201 million in 1965.

Inflows from abroad of capital in long-term forms were roughly equal to the deficit on current transactions in 1963 and 1964, but failed to keep pace with the rising current account deficit in 1965 when there was a substantial inflow of capital in short-term forms. This included heavy drawbacks of foreign currency bank deposits and other short-term funds employed abroad. Net inflows from security transactions (in particular from rising sales of new issues abroad) have dominated the long-term movements of capital. The receipts of foreign capital for direct investment in Canada were less substantial in 1963 and 1964 but recovered to a more normal level in 1965. Special transactions in connection with the Columbia River Treaty brought in \$54 million in 1964 and \$32 million in 1965.

In this period the United States authorities took several important measures to improve their balance of payments position. The first of these, introduced in July 1963 and promulgated in September 1964, was an interest equalization tax designed to raise by one per cent the cost of foreign borrowing in New York. There was an immediate adverse reaction on the Canadian financial markets, which however was ameliorated when an exemption was shortly negotiated for Canadian new issues. Further measures were taken in 1965 with the introduction of the United States foreign investment guidelines early in the year. The cumulative effect was to make the Canadian balance of payments and the problems of management of the Canadian economy even more interdependent with developments and conditions in the United States. This task was not made any easier by the failure of a prominent finance company in June 1965 and the uncertainties it caused in the Canadian financial markets.

STATEMENT 1. Summary of the Canadian Balance of Payments between Canada and All Countries, 1960-65

Account	1960	1961	1962	1963	1964	1965	Change
	millions of dollars						
Merchandise exports (adjusted)	5,392	5,889	6,387	7,082	8,238	8,745	+ 507
Merchandise imports (adjusted)	5,540	5,716	6,203	6,579	7,537	8,627	+1,090
Merchandise trade balance	- 148	173	184	503	701	118	- 583
Non-merchandise receipts	1,787	1,899	2,036	2,207	2,509	2,719	+ 210
Non-merchandise payments	2,872	3,000	3,050	3,231	3,634	3,920	+ 286
Deficit on non-merchandise transactions	-1,085	-1,101	-1,014	-1,024	-1,125	-1,201	- 76
Current account balance	-1,233	- 928	- 830	- 521	- 424	-1,083	- 659
Capital movements ¹	1,194	1,218	985	667	787	1,240	+ 453
Long-term forms	929	930	688	637	820	713	- 107
Short-term forms	265	288	297	30	- 33	527	+ 560
Change in official holdings of gold, foreign exchange, and net balance with International Monetary Fund	- 39	290	155	146	363	157	- 206

¹ Excluding change in official exchange holdings.

CURRENT TRANSACTIONS IN GOODS AND SERVICES

In the lengthy period of economic expansion since 1961, Canada's deficit in transactions with other countries in current goods and services narrowed annually until 1965. The severe but temporary exchange difficulties experienced in 1962, which responded rapidly to the official remedial measures, did not leave a marked impact on the annual balance of payments, in particular those pertaining to current goods and services. The developments are chronicled in the relevant quarterly reports on the balance of payments, and are also analyzed in the 1962 Annual Report of the Governor of the Bank of Canada. The current deficit of \$424 million in 1964 was about 45 per cent of the \$928 million deficit in 1961. The deficit of \$1,083 million in 1965 was in the direction of the billion-and-a-third dollar level, which was the average for the period from 1956 to 1960. As the negative balance on non-merchandise transactions moved in the sixties within a narrow range of between \$1,000 million and \$1,200 million, the larger changes in the annual current account deficits originated in merchandise transactions. The import balances, which accompanied the hoist in capital expenditures in the mid-fifties, continued until 1960. The merchandise trade deficit of \$148 million in that year swung around into a surplus of \$173 million in 1961, with a sharp gain in wheat sales. This surplus expanded to \$503 million in

1963 and to \$701 million in 1964 before subsiding to \$118 million in 1965. The fluctuations in the merchandise trade balances resulted from more substantial gains in commodity exports in 1963 and 1964 followed by a much larger increase in merchandise imports than in exports in 1965.

Merchandise Exports

Between 1961 and 1965, the increases in merchandise exports and imports were both large. Merchandise exports expanded \$2,856 million or 48.5 per cent from \$5,889 million in 1961 to \$8,745 million in 1965. Merchandise imports rose \$2,911 million or 51 per cent from \$5,716 million to \$8,627 million over the same period.

The estimates of merchandise trade found in the statements and tables of this report have been derived by adjusting the Trade of Canada figures (Catalogue Nos. 65-004 and 65-007) for balance of payments use. These adjustments, which are described in "About the figures" on Merchandise Trade on page 12 of the balance of payments report for 1961-62, include corrections for lags and omissions (from a balance of payments point of view) and a reflection of progress payments preceding deliveries of ships, aircraft and certain defence goods.

STATEMENT 2. Adjustments to Merchandise Trade, 1962-65

Item	1962		1963		1964		1965	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
millions of dollars								
Totals in trade returns	6,347.7	6,257.8	6,980.1	6,558.2	8,303.4	7,487.7	8,766.7	8,633.4
Wheat	+ 6.5	-	+ 37.7	-	-29.7	-	+15.8	-
Warehousing	+ 9.9	+37.0	+ 9.6	+20.5	-	-	-	-
Ships	- 0.3	+ 7.6	+ 1.3	+ 4.8	+ 3.2	+ 2.6	+ 2.2	+ 2.2
Civil aircraft	+ 0.5	-77.7	+ 0.2	+16.4	+ 0.2	+26.2	+ 4.9	+10.2
Defence goods	+ 7.2	+15.1	+ 42.4	+ 6.1	-41.9	+40.5	-42.0	+ 0.4
All other adjustments	+15.6	-36.8	+ 10.8	-27.4	+ 2.7	-20.2	- 2.8	-19.5
Total adjustments	+39.4	-54.8	+102.0	+20.4	-65.5	+49.1	-21.9	- 6.7
Adjusted merchandise trade (Table 2, items A1, B1)	6,387	6,203	7,082	6,579	8,238	7,537	8,745	8,627

Some of the more important adjustments for current years are shown in the accompanying statement. Being mainly compensation for lags in the export tabulation, the adjustments for wheat tend to be self-cancelling over time. With the change in 1964 in the presentation of the basic statistics from "special trade" (recording at the customs boundary) to "general trade" (recording at the national boundary), the warehousing adjustment became no longer necessary. The adjustments to substitute progress

payments for deliveries of civil aircraft have been large, as have been similar adjustments pertaining to military aircraft, submarines and other defence goods.

Wheat has been one of the important contributors to the growth in merchandise exports. From a shade under \$400 million in 1960, shipments of wheat exceeded \$600 million in 1961 and 1962 and \$800 million in 1963. The value of clearances

climbed to nearly \$1 billion in 1964 before declining to about \$850 million in 1965. Shipments of wheat and flour under contracts with the U.S.S.R. were valued at roughly \$190 million, \$305 million and over \$250 million respectively in 1963, 1964 and 1965.

Even within a short period from 1961 to 1965, there were noticeable shifts in the relative importance of commodity exports. Summarized by the stage of fabrication, the proportion of crude materials slowly narrowed from 37 per cent in 1961 to 35 per cent of total exports in 1965. The decline in fabricated materials was more noticeable, from more than 50 per cent to 46 per cent in the same period. On the other hand, the relative share of end or manufactured products rose impressively from about 12 per cent in 1961 to nearly 19 per cent in 1965. Shipments of metal and mineral materials increased 44 per cent from \$1,861 million in 1961 to \$2,686 million in 1965, but the relative share of this group declined from 31.5 per cent to 30.5 per cent of total

exports. Exports of forest products, which constituted the next important group of commodities, rose 29 per cent from \$1,623 million to \$2,100 million, but their relative shares of total exports dropped from over 27 per cent in 1961 to 24 per cent in 1965.

Farm and fish products represented 22 per cent of total exports in 1961, on account particularly of large deliveries of wheat to Mainland China and to Communist countries in Eastern Europe, and about the same proportion in 1964. The percentage share slipped down below 20 per cent in 1965 with smaller shipments to the U.S.S.R. and other Communist countries. The decline in the proportionate shares between 1961 and 1965 occurred notwithstanding a rise of over \$100 million in the exports of fish, meat and cattle. Similarly an \$85 million gain in shipments of chemicals and fertilizers from \$251 million in 1961 to \$336 million in 1965 was not enough to maintain the relative share of the group, which narrowed slightly to below 4 per cent.

STATEMENT 3. Merchandise Exports, classified by Commodity Group and Stage of Fabrication, 1961 - 65

Group	1961	1962	1963	1964	1965
	millions of dollars				
Exports:					
Commodity group:					
Farm and fish products	1,301	1,264	1,464	1,844	1,736
Forest products	1,623	1,701	1,824	2,009	2,100
Metals and minerals	1,861	2,063	2,169	2,493	2,686
Chemicals and fertilizers	251	248	268	308	336
Other manufactured goods and miscellaneous	719	903	1,073	1,440	1,667
Totals	5,755	6,179	6,798	8,094	8,525
Stage of fabrication:					
Crude materials	2,132	2,242	2,490	2,959	2,995
Fabricated materials	2,917	3,059	3,265	3,714	3,926
End products	706	878	1,043	1,421	1,604
Totals	5,755	6,179	6,798	8,094	8,525
Re-exports	140	169	182	209	242
Totals, all exports¹	5,895	6,348	6,980	8,303	8,767

¹ As published in "Trade of Canada: Exports".

The largest expansion in the share of total exports, as mentioned before, from about 12 per cent in 1961 to 19 per cent in 1965, was recorded by other manufactured goods. These exports were valued at \$719 million in 1961 and \$1,667 million in 1965. Included in the total for 1961 were whisky (\$80 million), agricultural, mining and industrial machinery (\$150 million), aircraft (\$100 million), motor vehicles (nearly \$50 million) and other machinery and equipment (over \$110 million). The same commodity groups were distributed as follows in the 1965 total of manufactured goods: whisky (under \$120 million), agricultural, mining and industrial machinery (over \$320 million), aircraft and parts (nearly \$210 million), motor vehicles and parts (over \$360 million), and other machinery and equipment (nearly \$250

million). The major part of the increase in shipments of motor vehicles and parts occurred in 1965, as the totals for 1964 and 1963 were, respectively, roughly \$190 million and nearly \$100 million.

The near doubling of exports of automotive equipment in 1965 developed from the signing at the beginning of the year of the Canadian-United States Automotive Agreement, which provided for the removal of tariffs from the two-way trade in new cars and parts. As the rise in imports exceeded that in exports, the deficit on trade with all countries in automobiles and parts expanded by about a fifth in 1965. Other important influences affecting the exports of manufactured goods were the United States defence production-sharing business placed in Canada,

particularly in aircraft, and the export credits financing of durable goods shipped to India and various Latin American countries.

Merchandise Imports

At \$8,627 million, merchandise imports in 1965 were half as much again as \$5,716 million in 1961. The proportion of foods declined from a little over 10 per cent in 1961 to 8 per cent in 1965, although imports of food commodities increased \$90 million between the two years. Likewise other consumer goods narrowed from 11 per cent to well under 10 per cent, notwithstanding an absolute increase of roughly \$170 million. Smaller reductions took place in the percentage shares of industrial and construction materials, fuels and lubricants. Industrial material imports at over \$1,550 million constituted the most important group of commodities in 1961, representing about 27 per cent of total imports. The share of these imports valued at nearly \$2,320 million was down fractionally in 1965. The next single group in importance was producers' equipment, whose imports exceeded \$1,310 million and 22 per cent of total imports in 1961. These imports expanded nearly 65 per cent to about \$2,160 million, and represented 25 per cent of all imports in 1965. Imports of motor vehicles and parts more than doubled from somewhat below \$550 million in 1961 to almost \$1,170 million in 1965; and the proportionate shares

of these imports were over 9 and 13 per cent respectively. Fully one half of the rise of \$620 million in imports of automotive equipment took place in 1965, following the signing of the free-trade agreement with the United States, as referred to before. Imports of other transportation equipment and parts, on the other hand, declined some \$70 million from 1961 to \$280 million in 1965, and the percentage share of total imports was about halved to roughly 3 per cent.

By stage of fabrication, the proportions of imports did fluctuate between 1961 and 1964 but not by very much from the average levels over the four years. These averages were about 19 per cent for crude materials, more than 27 per cent for fabricated materials and well over 53 per cent for end products. In 1965, however, end products rose to more than 56 per cent, while fabricated materials slipped below 27 per cent and crude materials declined to less than 17 per cent, despite absolute increases in 1965 of nearly \$55 million in the crude and about \$275 million in fabricated materials. Contributing to the rising share for end products were increases in 1965 of imports of machinery of about \$160 million, transportation and communication equipment of nearly \$425 million (of which over \$300 million being attributable to motor vehicles and parts), and equipment, tools, consumer goods and miscellaneous manufactured products together of nearly \$200 million.

STATEMENT 4. Merchandise Imports, classified by Commodity Group and Stage of Fabrication, 1961 - 65

Group	1961	1962	1963	1964	1965
	millions of dollars				
Commodity group:					
Fuels and lubricants	464	480	529	547	627
Industrial materials	1,560	1,751	1,857	2,079	2,317
Construction materials	213	220	203	274	311
Producers' equipment	1,314	1,479	1,617	1,896	2,163
Transportation equipment and parts (excluding motor vehicles)	352	303	177	194	280
Motor vehicles and parts	546	655	698	849	1,168
Foods	597	581	710	713	687
Other consumer goods	637	651	628	719	808
Other commodities	86	138	139	217	272
Totals	5,769	6,258	6,558	7,488	8,633
Stage of fabrication:					
Crude materials	1,109	1,205	1,302	1,401	1,455
Fabricated materials	1,557	1,662	1,820	2,051	2,325
End products	3,103	3,391	3,436	4,036	4,853
Totals¹	5,769	6,258	6,558	7,488	8,633

¹ As published in "Trade of Canada: Imports".

From 1961, the rise in average import prices outpaced the advance in average export prices, except in 1965, when there was no increase in the import prices, taking the year as a whole. In this year, the average import prices, as seen from the

accompanying statement, stood nearly 10 per cent above the level of 1961, while the average export prices were less than 7 per cent higher. Accordingly, Canada's terms of trade became less favourable.

STATEMENT 5. Indexes of Prices, Terms of Trade and Volume of Merchandise Trade, 1960 - 65
(1948 = 100)

Period	Price indexes		Terms of trade	Volume indexes	
	Exports	Imports		Exports	Imports
1960	123.0	115.5	106.5	140.2	181.3
1961	124.0	119.1	104.1	152.3	185.0
1962	128.1	124.5	102.9	158.3	192.0
1963	128.9	129.4	99.6	173.2	193.6
1964	130.7	130.8	99.9	203.3	218.7
1965	132.4	130.8	101.2	211.3	252.1
1963 I	128.8	127.0	101.4	147.0	170.1
II	128.9	128.9	100.0	173.2	201.1
III	128.9	131.4	98.1	175.5	192.2
IV	128.7	130.2	98.8	197.3	210.6
1964 I	129.3	132.6	97.5	176.4	190.6
II	130.5	132.7	98.3	211.0	235.6
III	131.4	129.9	101.2	216.9	214.0
IV	131.9	129.8	101.6	208.1	231.4
1965 ^P I	130.9	131.7	99.4	179.8	213.4
II	132.2	129.5	102.1	209.4	263.1
III	133.3	131.4	101.4	212.6	246.3
IV	133.9	131.2	102.1	241.9	284.8

Non-merchandise Transactions

The deficit on non-merchandise transactions fluctuated within a narrow range in the sixties and reached a level of \$1,200 million in 1965. Interest and dividends, which accounted for one half of the non-merchandise deficit in 1961, accounted for over 63 per cent in 1965, as shown in the accompanying statement. The contribution by travel transactions of nearly one fifth of the deficit in 1960 contracted sharply in the following years, in particular after the lowering of the Canadian dollar in May 1962 to a new fixed par value of 92.5 cents (U.S.). From a small deficit in 1962, the balance on travel switched to a small surplus in 1963 before returning to a deficit position. Net payments of migrants' funds and inheritances, which represented over 6 per cent of the "invisible" deficit in 1961, narrowed gradually to a position of balance in 1965. The

deficit on freight and shipping services fluctuated between about 3 per cent and more than 8 per cent of the total in the period 1961 to 1965, and the value of gold production available for export served as an offset to reduce the non-merchandise deficit by between 11 per cent and about 15 per cent. The substantial remaining portion of the deficit, fluctuating between 36 per cent and 44 per cent, originated from other current transactions, including official contributions.

With the slow decline in recent years in the shipments from Canadian gold mines of crude bullion, the value of gold production available for export contracted from \$162 million in 1961 to \$138 million in 1965, which was at the lowest level since 1949. Gold production had stepped up to a higher level in that year with the start of financial assistance to marginal mines.

STATEMENT 6. Balances of Non-merchandise Items, All Countries, 1960 - 65

Item	1960	1961	1962	1963	1964	1965
	millions of dollars					
Gold production available for export	+ 162	+ 162	+ 155	+ 154	+ 145	+ 138
Travel expenditures	- 207	- 160	- 43	+ 24	- 50	- 32
Interest and dividends	- 485	- 551	- 581	- 630	- 678	- 761
Freight and shipping	- 91	- 82	- 86	- 85	- 35	- 82
Inheritances and migrants' funds	- 82	- 72	- 51	- 34	- 32	-
Other current transactions including official contributions	- 382	- 398	- 408	- 453	- 475	- 464
Balance on non-merchandise transactions	-1,085	-1,101	-1,014	-1,024	-1,125	-1,201

Travel Expenditures

The sharp improvement in Canada's international travel account over the three years 1961 to 1963 was concentrated in transactions with the United States. As seen from Statement 7, the travel deficit with overseas countries remained unchanged at about \$136 million over the 3-year period, as moderate increases of about the same size occurred in both the receipts and payments for travel in overseas countries. The receipts from United States travellers expanded from \$435 million in 1961 to \$512 million in 1962 and to \$549 million in 1963, while Canadian travel expenditures in the United States declined over 15 per cent from \$459 million in 1961 to \$388 million in 1963. The stabilization of the Canadian dollar at a lowered value in terms

of foreign currency, referred to above, and the reduction in mid-1962 in the privilege of duty-free imports by returning Canadians were important factors which contributed to the decline in the spending. The surplus in 1963 of \$161 million on travel account with the United States was the largest on record. In the following two years, the receipts from the United States increased more than 7 per cent and nearly 12 per cent to \$590 million and \$660 million. Probably as Canadians became inured somewhat to the restraining influence of devaluation and curtailment of duty-free tourist purchases, the expenditures turned up sharply to \$481 million in 1964, or 24 per cent, and a further 10 per cent to \$531 million in 1965. The travel surplus with the United States contracted to \$109 million in 1964, before rising to \$129 million in 1965.

STATEMENT 7. Travel Expenditures, 1960 - 65

Detail	1960	1961	1962	1963	1964	1965	Change in 1965
	millions of dollars						
United States:							
Receipts	375	435	512	549	590	660	+70
Payments	462	459	419	388	481	531	+50
Balance	- 87	- 24	+ 93	+161	+109	+129	+20
Overseas:							
Receipts	45	47	50	60	72	87	+15
Payments	165	183	186	197	231	248	+17
Balance	-120	-136	-136	-137	-159	-161	- 2
All countries:							
Receipts	420	482	562	609	662	747	+85
Payments	627	642	605	585	712	779	+67
Balance	-207	-160	- 43	+ 24	- 50	- 32	+18

As a result of a continuing expansion in travel expenditures overseas from \$197 million in 1963 to \$231 million in 1964, about three times as large as the increase in receipts from \$60 million to \$72 million, the deficit on overseas travel account widened from \$137 million to \$159 million in 1964. The introduction in this year of reduced airline fares for overseas travel covering two to three weeks' duration was undoubtedly a factor in the rise in Canadian travel expenditures abroad. The travel

deficit with overseas countries widened slightly in 1965 to \$161 million, with absolute increases of about the same size in both the receipts and payments.

A more detailed presentation and analysis of international travel statistics will be found in the annual publication of the Balance of Payments Section, "Travel Between Canada and Other Countries" (Catalogue No. 66-201).

STATEMENT 8. United States Dollar in Canada, 1960 - 65

Quarter	High	Low	Close	Noon average
	Canadian cents			
1960	99.81	94.94	99.66	96.97
1961	104.38	98.25	104.34	101.32
1962	109.00	104.69	107.72	106.89
1963	108.56	107.59	108.06	107.85
1964	108.25	107.25	107.38	107.86
1965	108.50	107.31	107.50	107.80
1964 I	108.09	107.94	108.06	108.02
II	108.25	108.03	108.13	108.09
III	108.22	107.50	107.50	107.87
IV	107.63	107.25	107.38	107.46
1965 I	108.44	107.31	107.97	107.71
II	108.38	107.72	108.34	108.04
III	108.50	107.53	107.59	107.94
IV	107.78	107.38	107.50	107.53

Interest and Dividends

As an issue largely of the continuing growth in Canada's net balance of indebtedness from \$17.6 billion at the end of 1961 to about \$21½ billion at the end of 1965, net payments of interest and dividends, as seen from the accompanying statement, grew appreciably from \$581 million in 1962 to \$761 million in 1965. Over the period there was a 31 per cent rise, of which 12 per cent occurred in 1965.

The expansion in net payments of interest and dividends was a consequence of a greater and more regular increase in the payments. The receipts gained from \$202 million in 1962 to \$310 million in 1965. The largest recorded receipts of \$332 million in 1964 were due to unusually large inflows of dividends arising from direct investment. As mentioned in "About the figures" on the Income Account on page 18 of the annual report on the balance of payments for 1961 and 1962, interest and discount earned by the Exchange Fund Account constituted an important and increasing element in total receipts of interest. Following additions to the assets of the Account, particularly in 1962, the earnings on investments rose to a higher level in 1963. Total interest receipts, including those on portfolio

holdings of foreign bonds, were estimated at \$99 million in 1963 as compared with \$80 million for the preceding year. These receipts declined to \$84 million in 1964 due to the deferment by the British authorities in that year (and also in 1965) of the regular interest of some \$20 million on the 1946 loan. On the other hand the receipts from the United States Government of nearly \$10 million of interest on holdings of non-marketable securities contributed to raising the 1965 total to \$94 million. These special bonds were purchased under the financial arrangements concluded in connection with the Columbia River Treaty.

Paralleling the continuing expansion of Canadian direct investment abroad and also of portfolio investment in foreign stocks, dividend receipts increased 77 per cent from \$122 million in 1962 to \$216 million in 1965. The even larger total of \$248 million in 1964 contained, as referred to above, some \$60 million of extraordinary dividends on direct investment. In contrast to the highly irregular fluctuations characteristic of the returns on direct investment, the dividends received on portfolio investment rose fairly steadily from about \$50 million in 1962 to \$70 million in 1965.

**STATEMENT 9. Detail of Investment Income, Receipts and Payments,
by Area, 1960 - 65**

Year	United States			United Kingdom			Other countries			All countries			Total
	Interest and dividends		Miscellaneous income										
	Direct	Portfolio		Direct	Portfolio		Direct	Portfolio		Direct	Portfolio		
millions of dollars													
Receipts:													
1960	34	64	74	8	24	5	26	15	4	68	103	83	254
1961	33	79	77	12	25	4	47	17	6	92	121	87	300
1962	28	92	71	5	23	12	40	14	12	73	129	95	297
1963	38	117	51	7	24	19	31	13	14	76	154	84	314
1964	63	127	57	77	3	33	48	14	21	188	144	111	443
1965	61	143	65	33	7	37	52	14	29	146	164	131	441
Payments:													
1960	280	255	93	32	51	11	6	32	31	318	338	135	791
1961	350	280	101	35	52	11	11	36	30	396	368	142	906
1962	352	304	114	38	47	11	8	34	35	398	385	160	943
1963	372	355	122	36	46	17	16	35	35	424	436	174	1,034
1964	485	365	132	58	46	17	19	37	52	562	448	201	1,211
1965	516	403	145	43	48	14	22	39	59	581	490	218	1,289

STATEMENT 10. Receipts and Payments of Interest and Dividends Between Canada and All Countries, 1960 - 65

Period	Receipts			Payments			Balance
	Interest	Dividends	Total	Interest	Dividends	Total	
millions of dollars							
1960	76	95	171	239	417	656	-485
1961	79	134	213	259	505	764	-551
1962	80	122	202	274	509	783	-581
1963	99	131	230	314	546	860	-630
1964	84	248	332	335	675	1,010	-678
1965	94	216	310	372	699	1,071	-761
1963 I	17	28	45	65	131	196	-151
II	21	34	55	90	108	198	-143
III	18	26	44	67	114	181	-137
IV	43	43	86	92	193	285	-199
1964 I	19	48	67	73	166	239	-172
II	22	38	60	94	125	219	-159
III	19	35	54	71	148	219	-165
IV	24	127	151	97	236	333	-182
1965 I	20	47	67	77	163	240	-173
II	26	47	73	108	144	252	-179
III	19	51	70	78	152	230	-160
IV	29	71	100	109	240	349	-249

Interest Payments

Interest payments rose fairly steadily from \$274 million in 1962 to \$372 million in 1965, or more than 35 per cent over the period. Large new sales to foreign investors of corporate and provincial debentures and lesser amounts of Government of Canada and municipal bonds underlay the annual increases in the interest payments. Trade in outstanding bonds contributed modestly as well to these increases, while continuing retirements of all classes of bonds provided partial offsets.

The accompanying statement indicates that with the rise in the interest paid in foreign cur-

rencies from \$182 million in 1962 to \$239 million in 1964, the proportion widened from about two-thirds to more than 70 per cent of total interest payments. The interest paid in Canadian dollars went up \$5 million to \$87 million in 1964, but the relative share of the total declined from about 30 per cent to 26 per cent. The amount of \$74 million paid by provincial authorities in 1962 represented 27 per cent of total interest payments to non-residents; and the payment of \$105 million in 1964 raised the proportion to over 31 per cent. Canadian corporations, including railways, paid \$128 million in interest in 1962, or well over 46 per cent of total payments, and \$142 million, or more than 42 per cent of the total in 1964.

STATEMENT 11. Interest Payments to Non-residents on All Canadian Bonds and Debentures, by Issuer, Currency and Area, 1962 and 1964

Detail	All countries		United States		United Kingdom		Other countries	
	1962	1964	1962	1964	1962	1964	1962	1964
millions of dollars								
Government of Canada	23	35	14	27	2	1	7	7
Provincial	74	105	70	101	3	2	1	2
Municipal	49	53	47	51	1	1	1	1
Railway	16	15	7	6	7	7	2	2
Other corporation	112	127	102	117	5	5	5	5
Totals	274	335	240	302	18	16	16	17
Payable in:								
(a) Canadian dollars	82	87	58	63	10	9	14	15
(b) Foreign currencies	182	239	172	231	8	7	2	1
(c) Optionally in (a) or (b)	10	9	10	8	-	-	-	1

Dividend Payments

Dividend payments expanded 37 per cent from \$509 million in 1962 to \$699 million in 1965. The payments of \$505 million in 1961 stood almost as high as the 1962 total because of the apparent carry-over into 1961 of some \$30 million to \$40 million of dividends, which normally would have been paid in the fourth quarter of 1960. The supplementary budget introduced in late December of 1960 probably contributed to delaying some dividend remittances. Over two thirds of the impressive rise in dividend payments from \$546 million in 1963 to \$675 million in 1964 was attributed to an extraordinary dividend declared by a Canadian subsidiary to its parent in the United States before the introduction of minority interests, together with some other non-recurring dividends. Despite the absence of these non-recurring payments in 1965, direct investment dividends were even higher, due to larger payments by both public companies and subsidiaries.

Retained Earnings

As shown in the accompanying statement, the income remitted in the sixties averaged about 52 per cent of the estimated total direct investment earnings accruing to foreign countries of control of investments in Canada, as compared with an average of about 45 per cent in the decade of the fifties and of roughly 55 per cent in the early postwar years. In the 3 recent years ending in 1964, about 60 per cent on the average was retained by non-resident controlled firms in manufacturing, over 20 per cent in mining, petroleum and natural gas and the remainder in utilities, merchandising and financial institutions. Well over 90 per cent of the undistributed earnings accrued to investors in the United States.

STATEMENT 12. Estimated Total Direct Investment Earnings Accruing to Foreign Countries of Control, 1960 - 65

Item	1960	1961	1962	1963	1964	1965
	millions of dollars					
Remitted income ¹	318	396	398	424	562	581
Allowance for withholding tax	28	57	52	52	58	..
Undistributed earnings	280	240	305	410	455	..
Total earnings	626	693	755	886	1,075	..
Percentage of earnings distributed abroad.....	51	57	53	48	52	..

¹ Including interest paid on funded debt owned to non-resident parent companies.

The payments of dividends on portfolio investments rose only moderately from \$118 million in 1962 to \$125 million in 1965. The impact of buoyant corporation profits on dividend payments abroad was reduced by fairly sizeable retirements and more substantial repurchases of Canadian stocks in recent years.

Industrial Classification

As a result of the much larger increase in dividend payments on foreign direct rather than on portfolio investments, the proportion of the former rose from about 77 per cent in 1962 to 82 per cent in 1965. Industrially, as seen in Statement 13, dividends paid abroad by companies engaged in manufacturing activity stood at \$241 million and \$330 million and represented over 47 per cent and 49 per cent of all dividends remitted abroad in 1962 and

1964, respectively. Dividends paid by mining and smelting, excluding petroleum and natural gas, amounted to over \$83 million, representing more than 16 per cent of all dividend payments in 1962, and expanded to \$141 million, accounting for roughly 21 per cent of the 1964 total. Dividend remittances by the integrated petroleum and natural gas industry increased from nearly \$78 million in 1962 to more than \$91 million in 1964. The ratios of these to total payments stood at more than 15 per cent and between 13 and 14 per cent in the two years. The payments of dividends abroad by financial institutions on the other hand declined from \$44 million, and under 9 per cent of the total in 1962, to over \$35 million, and more than 5 per cent of total dividend payments in 1964. Utilities, merchandising and other enterprises accounted for a minor share of about 12 per cent of all dividend payments to non-residents.

STATEMENT 13. Industrial Classification of Dividend Payments¹ on Direct and Portfolio Investments, by Area, 1962-65

Industry	All countries			United States			United Kingdom			Other countries		
	Direct	Port- folio	Total	Direct	Port- folio	Total	Direct	Port- folio	Total	Direct	Port- folio	Total
millions of dollars												
1962												
Manufacturing:												
Vegetable products	18.6	9.8	28.4	11.2	8.3	19.5	6.0	1.1	7.1	1.4	0.4	1.8
Animal products	4.5	0.1	4.6	4.4	0.1	4.5	0.1	—	0.1	—	—	—
Textiles	3.8	0.7	4.5	2.1	0.3	2.4	1.7	0.3	2.0	—	0.1	0.1
Wood and paper products	29.8	11.4	41.2	23.7	8.7	32.4	6.1	2.2	8.3	—	0.5	0.5
Iron and its products	82.6	5.0	87.6	81.3	3.7	85.0	1.3	0.8	2.1	—	0.5	0.5
Non-ferrous metals	20.0	1.7	21.7	19.7	0.7	20.4	0.2	0.2	0.4	0.1	0.8	0.9
Non-metallic minerals	7.8	0.4	8.2	7.0	0.1	7.1	0.2	0.3	0.5	0.6	—	0.6
Chemicals and allied products	40.4	1.9	42.3	28.9	1.3	30.2	10.1	0.4	10.5	1.4	0.2	1.6
Miscellaneous manufactures	2.7	0.1	2.8	2.7	0.1	2.8	—	—	—	—	—	—
Sub-totals manufacturing....	210.2	31.1	241.3	181.0	23.3	204.3	25.7	5.3	31.0	3.5	2.5	6.0
Petroleum and natural gas	71.7	6.0	77.7	71.5	3.4	74.9	—	1.1	1.1	0.2	1.5	1.7
Mining and smelting	52.6	30.9	83.5	52.5	18.2	70.7	0.1	4.5	4.6	—	8.2	8.2
Utilities	5.8	23.5	29.3	4.4	12.0	16.4	0.6	7.6	8.2	0.8	3.9	4.7
Merchandising	22.7	1.6	24.3	14.9	0.8	15.7	7.2	0.8	8.0	0.6	—	0.6
Financial institutions	19.7	24.5	44.2	13.4	12.3	25.7	3.6	10.5	14.1	2.7	1.7	4.4
Other enterprises	7.7	0.8	8.5	7.3	0.7	8.0	0.3	—	0.3	0.1	0.1	0.2
Sub-totals, non-manufactur- ing	180.2	87.3	267.5	164.0	47.4	211.4	11.8	24.5	36.3	4.4	15.4	19.8
Totals	390.4	118.4	508.8	345.0	70.7	415.7	37.5	29.8	67.3	7.9	17.9	25.8
1963												
Totals	417	129	546	365	81	446	36	29	65	16	19	35
1964												
Manufacturing:												
Vegetable products	42.9	11.5	54.4	35.9	9.8	45.7	6.7	1.2	7.9	0.3	0.5	0.8
Animal products	4.2	0.1	4.3	4.1	0.1	4.2	0.1	—	0.1	—	—	—
Textiles	9.8	0.6	10.4	6.2	0.2	6.4	3.6	0.4	4.0	—	—	—
Wood and paper products	27.2	15.3	42.5	17.2	11.7	28.9	10.0	2.7	12.7	—	0.9	0.9
Iron and its products	124.5	5.8	130.3	120.4	4.5	124.9	1.9	0.8	2.7	2.2	0.5	2.7
Non-ferrous metals	24.3	1.6	25.9	22.9	0.5	23.4	1.1	0.2	1.3	0.3	0.9	1.2
Non-metallic minerals	11.8	0.6	12.4	5.4	0.2	5.6	6.1	0.4	6.5	0.3	—	0.3
Chemicals and allied products	40.7	1.7	42.4	28.5	1.0	29.5	8.5	0.4	8.9	3.7	0.3	4.0
Miscellaneous manufactures	7.2	0.1	7.3	7.1	0.1	7.2	0.1	—	0.1	—	—	—
Sub-totals manufacturing....	292.6	37.3	329.9	247.7	28.1	275.8	38.1	6.1	44.2	6.8	3.1	9.9
Petroleum and natural gas	83.3	7.9	91.2	78.6	4.8	83.4	—	1.2	1.2	4.7	1.9	6.6
Mining and smelting	107.8	33.1	140.9	107.7	17.1	124.8	—	5.4	5.4	0.1	10.6	10.7
Utilities	9.5	19.4	28.9	5.2	10.5	15.7	3.3	6.2	9.5	1.0	2.7	3.7
Merchandising	26.8	1.4	28.2	13.0	1.2	14.2	11.3	0.2	11.5	2.5	—	2.5
Financial institutions	15.6	20.0	35.6	8.6	6.8	15.4	3.8	11.0	14.8	3.2	2.2	5.4
Other enterprises	19.6	0.9	20.5	18.1	0.7	18.8	1.4	—	1.4	0.1	0.2	0.3
Sub-totals, non-manufactur- ing	262.6	82.7	345.3	231.2	41.1	272.3	19.8	24.0	43.8	11.6	17.6	29.2
Totals	555.2	120.0	675.2	478.9	69.2	548.1	57.9	30.1	88.0	18.4	20.7	39.1
1965												
Totals	574	125	699	510	71	581	43	32	75	21	22	43

¹ Includes profits of unincorporated branches of Canadian corporations.

The first four of the industrial groups referred to below, viz., manufacturing, mining and smelting, petroleum, and natural gas and finance, were ranked in the same order of importance in each of the three selected years, and were responsible for paying between 85 per cent to 89 per cent of all dividends

to non-residents. To broaden the scope of comparison, reference is made here to the information on industry detail published in Tables 5.13 of "The Canadian Balance of International Payments: A Compendium of Statistics from 1946 to 1965" (Catalogue No. 67-505). Led by manufacturing,

which accounted for over one half of direct investment dividends in each of the three years, petroleum and natural gas and mining and smelting followed in order of importance. The mining and smelting group, however, ranked second in 1964. Merchandising ranked fourth as a dividend payer in 1962 and 1964, but finance was more important in 1960. The combined contribution of the four most important industries accounted for about 90 per cent of the dividends paid on direct investment in each of the three years. Dividend remittances by the manufacturing industry ranked first in importance, but represented from about a quarter to less than one third of all dividends returned on non-resident owned portfolio investment. Mining and smelting, finance and utili-

ties followed in the order of importance in 1962 and 1964 as sources of dividends on portfolio investment; but in 1960, mining ranked fourth after finance and utilities. These four groups were responsible for paying over 90 per cent of all portfolio dividends in each of the three years.

The preponderant portion averaging well over 80 per cent of total dividend payments flowed to the United States in the four years from 1962 to 1965. In the same period about 12 per cent of the dividends was paid to investors in the United Kingdom; and investors in other countries received nearly 6 per cent.

STATEMENT 14. Distribution of Dividends Paid by Selected Industries, 1960, 1962 and 1964

Industry	1960	1962	1964
	per cent		
All dividends:			
Manufacturing	46.2	47.4	48.8
Mining and smelting	14.7	16.4	20.9
Petroleum and natural gas	13.5	15.3	13.5
Finance	11.2	8.7	5.3
Totals	85.6	87.8	88.5
Direct dividends:			
Manufacturing	53.2	53.8	52.7
Petroleum and natural gas	16.8	18.4	15.0
Mining and smelting	13.4	13.5	19.4
Merchandising	5.0	5.8	4.8
Finance	6.1	5.0	2.8
Totals	94.5	96.5	94.7
Portfolio dividends:			
Manufacturing	26.0	26.3	31.1
Mining and smelting	18.4	26.1	27.6
Finance	25.9	20.7	16.7
Utilities	23.9	19.8	16.2
Totals	94.2	92.9	91.6

Freight and Shipping

The net payments on freight and shipping services fluctuated between about \$80 million and \$90 million in the sixties, except in 1964, when the deficit dropped to \$35 million. Freight and shipping receipts rose 32 per cent from \$509 million in 1962 to \$673 million in 1965. Payments increased over a quarter from \$595 million in 1962 to \$755 million in 1965. The deficit in the latter year of \$82 million was \$4 million below that of 1962. The lowering of

the deficit to \$35 million in 1964 resulted from a much more substantial rise in freight and shipping receipts that year, when merchandise exports gained \$1,156 million or over 16 per cent, in comparison with a rise of \$958 million, or 14.5 per cent in merchandise imports over 1963. Inland freight receipts on Canadian exports increased markedly, as did also ocean freight receipts and expenditures in Canada by foreign-operated vessels. The increases on the payment side for the corresponding items were smaller than in the case of the receipts.

**STATEMENT 15. Detail of Freight and Shipping Transactions, Receipts and Payments,
Between Canada and All Countries, 1960-65**

Detail	1960	1961	1962	1963	1964	1965
	millions of dollars					
Receipts by Canada						
Ocean shipping:						
Gross earnings on exports	75	83	90	103	119	116
Charter operations	3	2	4	3	6	3
Shipping between foreign ports	25	28	31	33	37	50
Sub-totals	103	113	125	139	162	169
Expenditures in Canadian ports	55	67	72	74	80	90
Gross receipts on ocean shipping	158	180	197	213	242	259
Inland freight on exports	207	225	213	240	277	274
Intransit revenues	38	34	30	32	33	42
Other receipts	39	47	69	78	92	98
Gross receipts	442	486	509	563	644	673
Payments by Canada						
Ocean shipping:						
Expenditures abroad of Canadian operators, including charter payments	114	130	130	150	161	178
Freight on imports via Canadian ports	157	164	175	184	174	208
Gross shipping payments	271	294	305	334	335	386
Inland rail freight in U.S. on imports:						
Coal via vessel	35	37	39	51	52	58
Coal via rail	8	7	7	6	5	5
Other rail freight	110	98	96	97	98	102
Sub-totals	153	142	142	154	155	165
Miscellaneous payments	109	132	148	160	189	204
Gross payments	533	568	595	648	679	755
Balance on freight and shipping transactions	-91	-82	-86	-85	-35	-82

Inheritances and Migrants' Funds

From a peak of \$82 million in 1960, the net payments of migrants' funds and inheritances declined to \$51 million in 1962 and further to a position of balance in 1965. Immigration into Canada, which had averaged about 157,000 persons in the ten-year period 1951 to 1960 (within a range of 282,000 in 1957 and roughly 104,000 in 1960) fell to 71,700 persons in 1961. The arrivals in Canada for permanent settlement however picked up in 1962, and continued to increase steadily to a level of over 146,700 persons in 1965. Rising without interruption from \$124 million in 1962, immigrants' funds and inheritances reached the highest recorded level so far of \$211 million in 1965. Emigrants' funds and inheritances, stood at \$175 million in 1962, rising by stages to the highest level on record of \$211 million in 1965.

Miscellaneous Transactions

Canada's deficit on other non-merchandise transactions increased from \$408 million in 1962 to

\$475 million in 1964, before contracting slightly to \$464 million in the following year. From a low point in this period of \$36 million in 1962, official contributions rose to \$92 million in 1965. Responsible for this growth were shipments of grain under the international food aid program, grants of goods and services under bilateral programs to assist emerging countries in the Commonwealth and the French-speaking African states and cash contributions under multilateral aid programs through international agencies. Except for the expansion to \$41 million in 1962 and the contraction to \$6 million in 1965, the deficit on other government expenditures approximated \$30 million during this period. Higher defence payments were largely instrumental in expanding the deficit in 1962; and increased expenditures in Canada by foreign governments, including an extraordinary receipt on defence research sharing contributed to the contraction of the deficit in 1965.

Net payments of personal and institutional remittances tended to lessen in recent years as the increases in receipts were moderately higher than

those of payments. The deficits on miscellaneous investment income (other than those covered under Interest and Dividends) widened in 1962 to \$65 million and to a higher level again of \$90 million in the following year, with the gains in the receipts being outpaced by those in payments. Larger transfers of income from branch operations abroad of financial

institutions and increasing interest earned on credits extended on export sales of Canada's grain and capital goods contributed to the rise in receipts. Higher interest payments on inter-company loans, mortgages and on rising short-term borrowings accounted for the expansion of payments of miscellaneous investment income.

**STATEMENT 16. Detail of Freight and Shipping Transactions,
by Area, 1963 - 65**

Detail	All countries			United States			United Kingdom			Other countries		
	1963	1964	1965	1963	1964	1965	1963	1964	1965	1963	1964	1965
millions of dollars												
Ocean shipping												
Canadian operators:												
Receipts:												
Gross earnings on exports	103	119	116	30	31		38	48		35	40	..
Shipping between foreign ports, including charter operations	36	43	53	7	8		3	5		26	30	..
Sub-totals	139	162	169	37	39		41	53		61	70	..
Payments: Expenditure abroad of Canadian operators, including charter payments												
	150	161	178	22	19		43	45		85	97	..
Balance	- 11	1	- 9	15	20		- 2	8		-24	-27	..
Foreign operators:												
Receipts:												
Expenditures in Canadian ports	74	80	90	3	9		26	26		45	45	..
Payments:												
Freight on imports via Canadian ports	184	174	208	42	36		51	44		91	94	..
Balance	-110	-94	-118	- 39	- 27		-25	-18		-46	-49	..
Balance on ocean shipping	-121	-93	-127	- 24	- 7		-27	-10		-70	-76	..
Inland transportation												
Inland freight:												
Receipts:												
Rail .....	..	..	..	129	131		..	..		..	..	..
Other (truck, pipeline, vessel, etc.) .....	..	..	..	78	89		..	..		..	..	..
Sub-totals	318	369	372	207	220		38	51		73	98	..
Payments:												
Rail	154	155	165	154	155		..	..		..	..	..
Other (truck, pipeline, vessel, etc.)	160	189	204	160	189		..	..		..	..	..
Sub-totals	314	344	369	314	344		..	..		..	..	..
Balance on inland freight	4	25	3	-107	-124		38	51		73	98	..
Net rail intransit revenues	32	33	42	32	33		-	-		-	-	..
Balance on inland transpor- tation	- 36	58	- 45	- 75	- 91		38	51		73	98	..
Balance on freight and ship- ping transactions	- 85	-35	- 82	- 99	- 98		11	41		3	22	..

The deficit on business services and related transactions widened about 30 per cent from \$171 million in 1960 to \$218 million in 1965. As described in "About the figures - Miscellaneous Current Transactions" on pages 30 and 31 in the report for 1961 and 1962, a broad range of items is covered under business and other services. Payments flow across international borders between branches, subsidiaries and affiliates and their home offices for production and distribution rights, royalties, research, advertising, management, engineering and consulting services. Payments are also made between persons and unincorporated and unaffiliated enterprises in Canada and abroad for franchises, copyrights, film

rentals, professional services, etc. In the main these transactions accounted for the growth in the receipts for the whole group from \$229 million in 1962 to \$291 million in 1965 and in the payments from \$430 million to \$509 million during the same period. In addition both the expenditures in Canada of foreign airlines and of Canadian airlines abroad rose moderately each year.

Detailed information of payments reported by Canadian companies under the Corporations and Labour Unions Returns Act, classified by types of services and by industry groups, will be found in the Annual Reports published under that Act.

STATEMENT 17. Components of All Other Current Transactions, Receipts and Payments, by Area, 1960 - 65

	All countries						United States					
	1960	1961	1962	1963	1964	1965	1960	1961	1962	1963	1964	1965
millions of dollars												
Receipts:												
Government transactions	131	124	126	144	151	176	105	96	98	110	113	122
Personal and institutional remittances	30	33	34	36	38	42	18	18	20	21	22	24
Miscellaneous income	83	87	95	84	111	131	74	77	71	51	57	65
Business services and other transactions	203	208	229	236	257	291	145	145	156	160	167	182
Totals	447	452	484	500	557	640	342	336	345	342	359	393
Payments:												
Official contributions	61	56	36	65	69	92	-	-	-	-	-	-
Government transactions, n.o.p.	161	155	167	172	181	182	38	36	40	45	46	52
Personal and institutional remittances	98	99	99	102	102	103	26	26	26	25	27	27
Miscellaneous income	135	142	160	174	201	218	93	101	114	122	132	145
Business services and other transactions	374	398	430	440	479	509	313	331	359	367	397	408
Totals	829	850	892	953	1,032	1,104	470	494	539	559	602	632
Net payments:												
Official contributions	- 61	- 56	- 36	- 65	- 69	- 92	-	-	-	-	-	-
Government transactions, n.o.p.	- 30	- 31	- 41	- 28	- 30	- 6	+ 67	+ 60	+ 58	+ 65	+ 67	+ 70
Personal and institutional remittances	- 68	- 66	- 65	- 66	- 64	- 61	- 8	- 8	- 6	- 4	- 5	- 3
Miscellaneous income	- 52	- 55	- 65	- 90	- 90	- 87	- 19	- 24	- 43	- 71	- 75	- 80
Business services and other transactions	-171	-190	-201	-204	-222	-218	-168	-186	-203	-207	-230	-226
Totals	-382	-398	-408	-453	-475	-464	-128	-158	-194	-217	-243	-239
United Kingdom												
Other countries												
millions of dollars												
Receipts:												
Government transactions	15	15	14	18	23	23	11	13	14	16	15	31
Personal and institutional remittances	1	2	2	2	2	3	11	13	12	13	14	15
Miscellaneous income	5	4	12	19	33	37	4	6	12	14	21	29
Business services and other transactions	32	33	38	38	44	47	26	30	35	38	46	62
Totals	53	54	66	77	102	110	52	62	73	81	96	137
Payments:												
Official contributions	3	-	-	-	-	-	58	56	36	65	69	92
Government transactions, n.o.p.	35	34	33	29	42	32	88	85	94	98	93	98
Personal and institutional remittances	19	18	18	19	19	18	53	55	55	58	56	58
Miscellaneous income	11	11	11	17	17	13	31	30	35	35	52	60
Business services and other transactions	33	36	39	37	46	53	28	31	32	36	36	48
Totals	101	99	101	102	124	116	258	257	252	292	306	356
Net Payments:												
Official contributions	- 3	-	-	-	-	-	- 58	- 56	- 36	- 65	- 69	- 92
Government transactions, n.o.p.	-20	-19	-19	-11	-19	- 9	- 77	- 72	- 80	- 82	- 78	- 67
Personal and institutional remittances	-18	-16	-16	-17	-17	-15	- 42	- 42	- 43	- 45	- 42	- 43
Miscellaneous income	- 6	- 7	+ 1	+ 2	+16	+24	- 27	- 24	- 23	- 21	- 31	- 31
Business services and other transactions	- 1	- 3	- 1	+ 1	- 2	- 6	- 2	- 1	+ 3	+ 2	+ 10	+ 14
Totals	-48	-45	-35	-25	-22	- 6	-206	-195	-179	-211	-210	-219

About the figures -

COMPARISON OF PAYMENTS TO NON-RESIDENTS FOUND IN THIS REPORT WITH THOSE REPORTED UNDER THE CORPORATIONS AND LABOUR UNIONS RETURNS ACT

The Annual Reports under the Corporations and Labour Unions Returns Act include some 30 categories of payments in the field of income and services made to non-residents by reporting corporations. A comparison of the concepts employed in the two series will be found on pages 100 to 102 of the Report under the Corporations and Labour Unions Returns Act for 1962. In addition to payments by corporations covered in that report, balance of payments estimates of business serv-

ices include commissions paid to non-resident agents (which are not among the services specified under the Act), international telephone and telegraph charges, expenditures abroad of Canadian airlines, payments of other non-reporting corporations, transfers of trade union funds, and a wide variety of non-corporate disbursements including franchises and the earnings of international migrant labourers and commuters.

Transactions by Areas

United States. - In the sixties, Canada's international transactions in goods and services conformed to the traditional pattern of a surplus with overseas countries in part offsetting the deficit with the United States. From a level of about \$1,350 million in the two years 1960 and 1961, Canada's current deficit with the United States fell below \$1,100 million in the following year, before resuming its expansion to a peak of \$1,912 million in 1965. Total receipts from the United States rose more than 30 per cent from \$5,219 million in 1962 to \$6,806 million in 1965 while total payments expanded 38 per cent from \$6,311 million to \$8,718 million. The relative share of the deficit ascribable to merchandise trade ranged between 40 per cent in 1962 and over 49 per cent in 1960 and 1964, but this proportion rose sharply to over 54 per cent in 1965. Both merchandise exports and imports increased in excess of 60 per cent over this 5-year period. Merchandise exports advanced without interruption from \$3,040 million in 1960 to \$4,993 million in 1965, as did also

merchandise imports from \$3,713 million to \$6,034 million. Forest products, metals and minerals dominated Canada's exports to the United States, accounting for about 70 per cent in 1961 and 1962, but this proportion contracted to approximately 66 per cent in 1964 and nearly 63 per cent in 1965. Manufactured goods expanded fairly steadily from about 13 per cent of total exports in 1961 to nearly 22 per cent in 1965.

In reaching \$4,993 million in 1965, merchandise exports recorded a substantial gain of nearly \$600 million or over 13 per cent over 1964. The largest increase of over \$130 million in shipments of automotive products ensued from the signing in January 1965 of the agreement with the United States. Machinery exports expanded more than \$60 million, and gains of about \$40 million each occurred in shipments of cattle, meat and fish together, newsprint and aluminum. Exports of a variety of commodities increased less substantially; and these included whisky, nickel, zinc, crude petroleum, wood pulp, fertilizers and fabricated steel materials.

STATEMENT 18. Summary of Current Account Balances, by Area, 1960-65

Period	All countries	United States	United Kingdom	Rest of Sterling area	Other OECD Europe	Other countries
millions of dollars						
1960	-1,233	-1,359	+169	+43	-7	-79
1961	-928	-1,341	+195	+27	-30	+221
1962	-830	-1,092	+225	+17	-82	+102
1963	-521	-1,148	+417	-31	-92	+333
1964	-424	-1,635	+605	+101	-107	+612
1965	-1,083	-1,912	+510	+135	-158	+342
1963 I	-234	-346	+82	+17	-19	+32
II	-204	-342	+117	-5	-20	+46
III	+29	-56	+98	-13	-27	+27
IV	-112	-404	+120	-30	-26	+228
1964 I	-336	-541	+87	+27	-13	+104
II	-150	-507	+149	+10	-36	+234
III	+208	-119	+156	+23	-31	+179
IV	-146	-468	+213	+41	-27	+95
1965 I	-395	-589	+106	+55	-4	+37
II	-360	-530	+141	+47	-75	+57
III	+36	-170	+134	+19	-46	+99
IV	-364	-623	+129	+14	-33	+149

The growth in Canada's imports from the United States has been distributed over a wide range of commodities, but machinery and automotive products have been in particular notable. Machinery, accounting for about 20 per cent of the total imports from the United States in recent years, was valued at roughly \$1,175 million in 1965. Imports of automotive products, which exceeded \$700 million in 1964, represented 14 per cent of total imports in that year; and following an increase to over \$1,000 million in 1965, the proportion rose to nearly 17 per cent. The increases in the value of machinery and automotive products represented more than one half of the \$830 million expansion in the imports from the United States from \$5,204 million in 1964 to \$6,034 million in 1965. Imports of equipment and tools, including controlling instruments, laboratory equipment and electronic computers, rose more than \$75 million, and imports of aircraft and parts more than \$55 million and of coal about \$40 million. Chemicals rose well over \$30 million as also did each of fabricated steel and non-ferrous materials. Less substantial gains occurred in imports of fresh fruits and vegetables, magazines and books, photographic material and some consumer goods. On the other hand, imports from the United States of meat, soya beans, cotton and woven fabrics were lower in 1965, as compared with 1964.

In non-merchandise transactions with the United States, the deficit reached its first recent peak of \$726 million in 1961, before falling 9 per cent to a level of about \$660 million in the following two years. This deficit again climbed 25 per cent in 1964 to \$827 million and widened to the highest level so far recorded of \$871 million in 1965. The non-merchandise transactions accounted for about 60 per cent of Canada's total deficit with the United States in 1962, but the proportion narrowed in successive years to under 46 per cent in 1965. The contraction in the non-merchandise deficit to \$654 million in 1962 was largely ascribable to the reappearance of a surplus in the travel account, the first since 1951. The contraction of travel expenditures by Canadians in the United States in 1962 and 1963, following the introduction of stabilization measures, has been described earlier. The resulting travel surplus of \$161 million in 1963, the highest on record in the postwar period, provided a 24 per cent offset to the deficit arising from other "invisible" items. The travel offsets narrowed to 13 per cent and nearly 15 per cent in 1964 and 1965, respectively.

The value of gold production available for export reduced the non-merchandise deficit in 1963 by more than 23 per cent, and by some 17 per cent and nearly 16 per cent in the following two years. As indicated by figures shown in Table 5.03 on page 159 of "The Canadian Balance of International Payments: A Compendium of Statistics from 1946 to 1965", transactions in interest and dividends have contributed at least 80 per cent of Canada's non-merchandise deficit with the United States since 1962. In this period, between about 12 and 15 per cent of the deficit originated from freight and shipping transactions, between approximately 8 and 13

per cent from inheritances and migrants' funds and 27 and 33 per cent from other current service transactions.

More than the entire increase of \$44 million in the non-merchandise deficit with the United States to \$871 million in 1965 arose from interest and dividends, with freight and shipping and the reduced value of gold production available for export contributing smaller additions to the deficit. The expansion of \$55 million in the net payments of interest and dividends to \$715 million in 1965 arose from an increase of \$69 million in the payments (distributed \$36 million to interest and \$33 million to dividends), offset in part by a gain of \$14 million in the receipts. Both the receipts and payments of interest and dividends stood in 1965 at the highest level so far recorded of \$204 million and \$919 million, respectively. As a result of larger increases in the receipts than in payments in 1965, the balances on account of travel, migrants' funds and miscellaneous groups of transactions improved by \$20 million, \$11 million and \$4 million, respectively.

United Kingdom. - Canada's traditional surplus with the United Kingdom on transactions in current goods and services expanded from \$169 million in 1960 to \$417 million in 1963 and then to \$605 million in 1964, before dipping down to \$510 million in 1965. Total receipts increased \$389 million or one-third from \$1,166 million in 1962 to \$1,555 million in 1965. Total payments rose more moderately from \$941 million in 1962 to \$1,045 million, up \$104 million or 11 per cent. The improvement in the balances up to 1964 resulted from increases in the export balance combined with contractions in the non-merchandise deficit. In 1965, on the other hand, the merchandise surplus narrowed and the "invisible" deficit widened moderately.

The proportion of total receipts represented by merchandise exports fell from 79 per cent in 1962 to 76 per cent in 1965, reflecting a larger increase in non-merchandise receipts than in the moderate gain in commodity exports from \$924 million in 1962 to \$1,219 million in 1964, before subsiding to \$1,184 million. Farm products together with comparatively small amounts of fish products accounted for some 30 per cent of total exports in 1962 and 1963 but declined to below 27 per cent in 1965, primarily due to smaller wheat shipments. The relative shares of forest products stood at about 19 and 20 per cent, while the proportion of the most important commodity group, metal and mineral materials, rose from 37 per cent in 1962 to nearly 41 per cent in 1965. Other manufactured goods accounted for over 7 per cent of total exports in 1962 and some 8 per cent in 1965.

Over one half of the \$35 million contraction in merchandise exports to \$1,184 million in 1965 was attributable to the decline in the value of wheat clearances to the United Kingdom. Exports of newsprint and fabricated steel materials were each down about \$15 million from 1964. Shipments of nickel and alloys were about \$16 million lower in 1965,

those of dairy produce \$12 million and those of iron ores and fish products were each about \$4 to \$5 million smaller. An increase totalling over \$30 million occurred in exports of non-ferrous metals such as nickel, precious metals, copper, lead and zinc.

The annual totals of merchandise imports from the United Kingdom have not changed very much in the sixties, except for a fall to \$521 million in 1963 from the average level of \$585 million for 1961, 1962 and 1964. The 1965 total of \$624 million was not much higher than the \$611 million in 1960. Canadian imports from the United Kingdom cover a wide range of commodities, with minor concentrations in fabric, steel and non-ferrous materials, machinery, transportation equipment (including motor vehicles and parts and aircraft engines and parts), other equipment, tools and consumer goods. Motor vehicles constituted the single most important group of commodities contributing to the import decline in 1963. A large part of this reduction was, however, recovered in the following year. Fabricated steel materials, machinery, aircraft, aircraft engines and parts, and electrical and laboratory equipment were featured in the \$40 million rise in imports to \$624 million in 1965.

The deficit on non-merchandise transactions which stood at \$144 million in 1960 contracted rather sharply in the subsequent years to a low level of

\$30 million in 1964, before turning up to \$50 million in 1965. Contributing significantly to this favourable development were increased net receipts from freight and shipping services and inheritances and migrants' funds, together with declining net payments from miscellaneous current transactions. The unusually low deficit of \$30 million in 1964 on non-merchandise transactions originated from extraordinary receipts of dividends on direct investment in the last quarter of the year, sufficiently large to counterbalance the postponement by the United Kingdom authorities of payment of interest on the 1946 loan. On account of the special receipts, the deficit arising from interest and dividend transactions was estimated at \$24 million in 1964, as compared with \$51 million in 1963 and 1965, respectively. Travel deficits stood at \$47 million and \$55 million in 1964 and 1965, respectively, in comparison with the average of \$49 million in the sixties. The widening in the travel deficit resulted from a rise in expenditures by Canadians in the United Kingdom from \$80 million to \$89 million in 1965, while receipts increased by \$1 million to \$34 million. The surplus on freight and shipping transactions was unchanged in the 2 years at \$41 million, and the net receipts from migrants' funds and inheritances narrowed \$1 million to \$21 million. The deficit from other miscellaneous current transactions declined from \$22 million in 1964 to \$6 million in 1965, owing largely to the non-recurrence of the payment in early 1964 of Canada's share of the costs of defence operation in Korea.

STATEMENT 19. Summary of Canada's Current Transactions, by Area, 1960-65

Year	Merchandise			Non-merchandise			Total		
	Exports	Imports	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
millions of dollars									
All countries									
1960	5,392	5,540	- 148	1,744	2,829	-1,085	7,136	8,369	-1,233
1961	5,889	5,716	+ 173	1,899	3,000	-1,101	7,788	8,716	- 928
1962	6,387	6,203	+ 184	2,036	3,050	-1,014	8,423	9,253	- 830
1963	7,082	6,579	+ 503	2,207	3,231	-1,024	9,289	9,810	- 522
1964	8,238	7,537	+ 701	2,509	3,634	-1,125	10,747	11,171	- 424
1965	8,745	8,627	+ 118	2,719	3,920	-1,201	11,464	12,547	-1,083
United States									
1960	3,040	3,713	- 673	1,247	1,933	- 686	4,287	5,646	-1,359
1961	3,213	3,828	- 615	1,326	2,052	- 726	4,539	5,880	-1,341
1962	3,767	4,205	- 438	1,452	2,106	- 654	5,219	6,311	-1,092
1963	3,970	4,458	- 488	1,544	2,204	- 660	5,514	6,662	-1,148
1964	4,396	5,204	- 808	1,662	2,489	- 827	6,058	7,693	-1,635
1965	4,993	6,034	-1,041	1,813	2,684	- 871	6,806	8,718	-1,912
United Kingdom									
1960	924	611	+ 313	224	368	- 144	1,148	979	+ 169
1961	924	593	+ 331	237	373	- 136	1,161	966	+ 195
1962	924	578	+ 346	242	363	- 121	1,166	941	+ 225
1963	1,017	521	+ 496	284	363	- 79	1,301	884	+ 417
1964	1,219	584	+ 635	391	421	- 30	1,610	1,005	+ 605
1965	1,184	624	+ 560	371	421	- 50	1,555	1,045	+ 510

STATEMENT 19. Summary of Canada's Transactions, by Area, 1960-65 - Concluded

Year	Merchandise			Non-merchandise			Total		
	Exports	Imports	Balance	Receipts	Payments	Balance	Receipts	Payments	Balance
millions of dollars									
Other sterling area									
1960	340	284	+ 56	71	84	- 13	411	368	+ 43
1961	331	298	+ 33	93	99	- 6	424	397	+ 27
1962	338	326	+ 12	87	82	+ 5	425	408	+ 17
1963	409	418	- 9	91	113	- 22	500	531	- 31
1964	515	417	+ 98	123	120	+ 3	638	537	+101
1965	531	385	+146	135	146	- 11	666	531	+135
Other OECD Europe									
1960	591	371	+220	129	356	-227	720	727	- 7
1961	618	416	+202	144	376	-232	762	792	- 30
1962	622	454	+168	148	398	-250	770	852	- 82
1963	662	474	+188	158	438	-280	820	912	- 92
1964	749	558	+191	170	468	-298	919	1,026	-107
1965	840	707	+133	216	507	-291	1,056	1,214	-158
Other countries									
1960	497	561	- 64	73	88	- 15	570	649	- 79
1961	803	581	+222	99	100	- 1	902	681	+221
1962	736	640	+ 96	107	101	+ 6	843	741	+102
1963	1,024	708	+316	130	113	+ 17	1,154	821	+333
1964	1,359	774	+585	163	136	+ 27	1,522	910	+612
1965	1,197	877	+320	184	162	+ 22	1,381	1,039	+342

Rest of the sterling area. - In current transactions with the rest of the sterling area, Canada's annual surpluses, which decreased from \$43 million in 1960 to \$17 million in 1962, turned into a deficit of \$31 million in 1963. After changing into a surplus again in the following year of \$101 million, largest since 1952, the positive balance continued to expand to \$135 million in 1965. Total current account receipts from this area rose from \$425 million in 1962 to \$666 million in 1965, up \$241 million or 57 per cent. Total payments for goods and services increased \$123 million or 30 per cent from \$408 million to \$531 million in 1965. Deteriorating trade balances combined with increasing official contributions adversely influenced the current account balances up to 1963, while a substantial improvement in the merchandise trade balance thereafter primarily contributed to the re-appearance of large current account surpluses. The improvement in the merchandise surplus occurred as a result of the exports rising from \$409 million in 1963 to \$531 million in 1965, while the imports declined from \$418 million to \$385 million in the 2 years. More than 40 per cent of the \$106 million rise in exports in 1964 was concentrated in Canadian exports to Australia. Shipments of aircraft, engines and parts increased about \$15 million, that of newsprint \$8 million and of plastics about \$4 million. Smaller gains covered a variety of other commodities. An increase of \$10 million in exports to India in 1964 comprised fairly large shipments of wheat, locomotives and aircraft,

offset in part by reduced exports of copper and railway rails. A gain in exports of over \$10 million in motor vehicles and parts, together with smaller increases in newsprint and aluminum, which was offset by reduced wheat shipments, produced an overall export advance of \$9 million to the Republic of South Africa. More moderate increases in exports in 1965 to the Republic of South Africa, Kenya, Zambia, Trinidad, Jamaica and New Zealand, offset by reduced shipments to Australia, Ghana, Ceylon, Hong Kong and India produced a \$16 million rise in exports to \$531 million. Sugar was the principal cause of the fall of \$32 million in imports from the rest of sterling area in 1965. Reductions in sugar imports were distributed as follows in millions of dollars: Mauritius (\$6½), Australia (\$9½), Fiji (\$2½), British Guiana (\$11½), Jamaica (\$10) and Trinidad (\$4). There were offsetting increases in imports from countries such as India, Hong Kong and Malaysia.

Canada's recent overall balances on non-merchandise transactions (including official contributions) with the rest of the sterling area have been small, with surpluses in 1962 and 1964 and deficits in the other years. As on the average at least 80 per cent of the foreign economic aid from Canada has been directed to Commonwealth countries, official contributions to this area have grown with the development of the bilateral and international food aid programs. These official contributions were cut back

from \$49 million in 1961 to \$29 million in 1962, but have subsequently grown to \$73 million in 1965. Higher receipts of dividends on direct investment contributed to enlarging the surplus on interest and dividends from \$25 million in 1963 to \$40 million in 1964. Larger gains in freight and shipping receipts than in payments in the most recent years have widened the surplus, and the increased number of immigrants with higher per capita funds raised the surplus on inheritances and migrants' funds in 1965 significantly.

Other OECD countries in Europe. — Canada's current account balance with the other OECD countries in Europe, which was regularly in a surplus position until 1958, changed into a substantial deficit exceeding \$100 million in 1959. The deficit contracted to \$7 million in 1960 but has been growing since, and was estimated at \$158 million in 1965. Total receipts gained \$286 million or 37 per cent from \$770 million in 1962 to \$1,056 million in 1965. Total payments increased from \$852 million to \$1,214 million over the same three years, up \$362 million or over 42 per cent. Generally declining merchandise surpluses combined with a widening deficit on non-merchandise transactions have brought about the deterioration in the current account position.

From an average level of \$620 million in 1961 and 1962, merchandise exports to the other OECD countries in Europe rose nearly 7 per cent to \$662 million in 1963. Relative increases of about twice the magnitude occurred in each of the following two years to \$749 million in 1964 and \$840 million in 1965. Canadian exports to West Germany expanded about \$40 million in 1964, followed by increases of \$24 million to Belgium-Luxembourg, of \$16 million to France, of over \$14 million to the Netherlands and of \$9 million to Sweden. Exports to Italy however declined more than \$14 million. Non-ferrous metallic materials accounted for well over 40 per cent of the increase in the exports to West Germany, and wood pulp shipments were also slightly higher. Zinc, primarily ores and concentrates, represented nearly \$15 million of the 1964 gain in the exports to Belgium-Luxembourg. Exports of lead and dairy products were moderately higher, while shipments of wheat were down in excess of \$10 million. There were minor increases as well as decreases involving other commodities. Fairly small individual changes were recorded in commodity exports to France. Increases covered copper, asbestos, and wood products, while shipments of wheat and plastics were lower. Dairy products, flax and other seeds, lumber products and zinc were among the commodities whose exports increased to the Netherlands in 1964, while shipments of oats, iron ores and communication and navigation equipment were lower. Exports of copper, motor vehicles and parts and gasoline to Sweden were higher, but the shipments of aluminum declined in 1964. Among exports to Italy, there were decreases in wheat and other agricultural products,

aluminum, and fabricated steel materials, offset in part by increases in dairy products, barley and instruments.

The net increase of \$91 million from \$749 million in 1964 to \$840 million in 1965 in the exports to other OECD countries in Europe was comprised principally of a gain of more than \$30 million to Italy, of about \$25 million each to Belgium-Luxembourg and the Netherlands and of between \$10 million to \$15 million each to Norway and Spain. From a high level in 1964, Canadian exports to West Germany receded more than \$20 million. The increase in 1965 in the shipments to Italy of wheat, barley and rapeseed amounted to nearly \$20 million. Exports of iron ores rose about \$6 million as did also those of non-ferrous metals. A smaller increase was recorded in wood products, and moderate decreases occurred in exports of dairy products, asbestos and fabricated steel materials. The increase to the Netherlands in 1965 in the shipments of wheat, oil seeds and products of animal origin exceeded \$10 million, but there were partially offsetting declines in the exports of dairy products and rye. Lumber, pulp, fabricated steel and non-ferrous metal materials and navigation instruments increased moderately as well; but aircraft exports were down slightly.

Principal export gains to Belgium-Luxembourg covered a number of commodities including wheat (about \$10 million), metal materials (notably zinc) and automobiles. Exports of dairy products, lumber and aircraft however declined. A \$15 million rise in exports to Norway in 1965 was attributable in the main to nickel ores and copper. Larger shipments of metal materials, including steel billets, communication equipment and cattle, offset in part by lower exports of rapeseed, accounted for a net gain of over \$12 million in the exports to Spain in 1965. Canadian exports increased modestly to Austria, Denmark, Greece and Turkey, and declined slightly to Portugal, Sweden and Switzerland.

Following a rise of more than 4 per cent between 1962 and 1963, Canada's imports from other OECD countries advanced nearly 18 per cent to \$558 million in 1964 and again by more than 26 per cent to \$707 million in 1965. From among a large number of commodities which contributed to an increase of \$26 million in Canadian imports from Germany in 1964, the more prominent groups included chemicals, steel materials, motor vehicles, machinery (amounting to nearly \$12 million), fabrics and belting. About three fourths of a \$9 million rise in imports from Belgium-Luxembourg in 1964 was attributable to fabricated steel materials and the remainder to diamonds and glass. A \$10 million increase in the imports from France was distributed over a wide variety of commodities, including wines, steel materials, motor vehicles and parts. Fabrics, steel bars, machinery

and wines accounted for a major portion of an increase of \$12 million in the imports from Italy. There were small increases in imports from many other European member countries of the OECD.

France accounted for about 18 per cent of the \$149 million increase in Canadian imports from this area in 1965. Among a host of individual commodity changes, increases were recorded in the imports of steel materials, motor vehicles and parts, computers, printed matter and wines.

More than four fifths of an increase of \$39 million in Canadian imports from Germany in 1965 included steel products, machinery, motor vehicles and parts, chemicals, sound equipment and parts, sewing machine parts and bearings. Small decreases of about \$1 to \$2 million occurred in the imports of rubber belting, wheel tractors and conveyors. Higher imports of steel materials accounted for about one half of the rise of over \$16 million in imports from the Netherlands. Imports of ships and sound equipment and parts were also higher in 1965. A rise of nearly \$17 million in imports from Sweden was dispersed over a large number of commodities, including steel materials, bearings, pulp mill machinery, automobiles, transformers and other electrical equipment, furs and leather. Most of the increase of nearly \$13 million in imports from Belgium-Luxembourg was accounted for by steel bars, plates and structural shapes. Imports of electric motors and transformers were up slightly but those of reaper-threshers and glass declined in 1965. Increases in machinery, steel materials and motor vehicles contributed more prominently than many other commodities to a rise of nearly \$13 million in Canadian imports from Italy in 1965. Small increases in imports occurred from Switzerland, Denmark, Norway, Portugal and Spain.

In recent years, the receipts from non-merchandise transactions have increased less rapidly - rising from \$148 million in 1962 to \$216 million in 1965 - than the payments, which expanded over 25 per cent from \$398 million in 1962 to \$507 million in 1965. The deficit on the "invisibles" accordingly widened from \$250 million in 1962 to \$291 million in 1965, but down slightly from \$298 million in the preceding year. Between 1962 and 1965, the deficit on travel, interest and dividends and freight and shipping rose at uneven rates. Canada's travel imbalance with other OECD Europe, widened \$18 million from \$70 million in 1963 to \$88 million in 1964, as the expenditures by Canadians travelling to Europe rose from \$86 million to \$105 million, while the receipts were almost stable.

In 1965, travel receipts advanced \$10 million to \$27 million, because of a large gain in the number of visitors to Canada, which probably was induced by reduced airline fares. Following the substantial rise in 1964 in the travel payments abroad by Canadians there was a rise of \$1 million in 1965. The

net receipts of migrants' funds and inheritances more than doubled from \$10 million in 1964 to \$21 million in 1965, accompanying an increase in this year of more than 25 per cent in the arrival of immigrants from other OECD countries in Europe. The deficit arising from other current service transactions has remained relatively unchanged at a level slightly in excess of \$100 million. A reduction in 1965 in the net payments on government account due to receipts from research cost sharing was counterbalanced by a deterioration in the balances of miscellaneous income and business services.

All other countries. - Canada's current transactions with all other countries in the sixties have recorded not only large surpluses (e.g. \$612 million in 1964) but have exhibited sharp annual changes - in the range of \$270 million to \$300 million in three of the five recent years ending in 1965. Total receipts advanced about 64 per cent from \$843 million in 1962 to \$1,381 million in 1965, while total payments rose roughly 35 per cent from \$741 million to \$1,039 million. Wheat shipments to Mainland China, the U.S.S.R. and other communist countries have played an important part in these transactions and have been facilitated in some cases by special financing arrangements. The accompanying statement shows that their value in the 5-year period totalled \$1,630 million. If their value is taken out for the comparison, the current balances with all other countries do not exceed \$100 million in either direction during the period. The largest over-the-year change taking place between 1964 and 1965 is also reduced to under \$180 million. In non-merchandise transactions, Canada's economic aid to this group of countries increased from \$7 million in 1962 to \$18 million in 1965, while the surplus from services rose from \$13 million to \$40 million. In consequence of these offsetting changes, the net receipts for all non-merchandise transactions widened moderately from \$6 million in 1962 to \$22 million in 1965.

Exclusive of the substantial amounts of wheat shipments to the Sino-Soviet countries, merchandise exports recorded relative annual increases between 1962 and 1964 of 25 per cent and 20 per cent successively, which were followed by a decline of about 8 per cent in 1965. Increased shipments of Canadian commodities to Japan, Mexico and several other Latin American republics mainly accounted for the rise in 1963. Cuba, Venezuela, Mexico, Japan, and the Philippines were the principal destinations of the increases in the exports in 1964. Shipments from Canada in 1965 declined to Japan, Mexico, Cuba and a number of other countries, but rose to Peru and Venezuela.

About a \$30 million expansion in Canadian exports to Japan in 1964 was derived from larger shipments of wheat, barley, non-ferrous metals, asbestos, coal, pulp, newsprint and many other commodities,

offset in part by smaller exports of oil seeds, iron ores and lumber. The decline of exports in the following year of roughly \$15 million was primarily due to lower wheat shipments, but there were less substantial reductions covering iron ores and scrap, non-ferrous metals, lumber, and newsprint. These losses were partially offset by increased shipments of barley, rye, oil seeds, pulp and chemicals. Wheat, communication equipment and electrical supplies contributed to a modest rise in exports to the Philippines in 1964. Wheat and wheat flour (covered under the Russian contract) constituted more than half of the increase of some \$45 million in the exports to Cuba. Other gains occurred in dairy products, fertilizers and medical supplies. Wheat and flour shipments increased again in 1965, but only moderately, while the exports of many other commodities, notably fertilizers, declined, contributing to a net overall reduction of exports to Cuba in 1965. An increase in the exports of railway rail and track material amounting to \$12 million accounted for more than the net increase in the Canadian exports to Mexico in 1964. There were smaller increases in shipments of machinery and equipment, which were exceeded by reductions in the exports of commodities such as aluminum and newsprint. A decline in shipments in 1965 of rails, track material and locomotives amounted together to about \$19 million. Smaller decreases in machinery and equipment were offset by rises in shipments of newsprint and several other commodities. Wheat, dairy products, steel materials, motor vehicles and parts were featured prominently among increased commodity exports to Venezuela, totalling nearly \$20 million, in 1964. Larger exports of motor vehicles and parts, dairy products and newsprint, counterbalanced in part by lower wheat shipments, steel materials and plastics, resulted in a small overall increase in exports to Venezuela in 1965. An increase of about \$7 million in shipments of motor vehicles and parts and a much smaller rise in railway rolling stock accounted for well over two thirds of the \$11 million expansion in the Canadian exports to Peru in 1965.

Merchandise imports from all other countries increased annually 11, 9 and 13 per cent from \$640 million in 1962 to \$877 million in 1965. Imports of crude petroleum from the Middle East and from Venezuela and of raw sugar from Cuba figured prominently in the import expansion in 1963. In the following year a substantial decline of about \$36 million in petroleum imports from the Middle East (principally Saudi Arabia) was offset 75 per cent from a continued rise in imports from Venezuela. Sugar imports from Cuba dropped more than \$11 million to almost nil in 1964. Imports from Japan rose more than \$40 million. As is frequently the practice of international oil companies, substantial imports of crude petroleum in 1965 were switched from Venezuela (i.e. down \$34 million) to Saudi Arabia, but imports of fuel oil from Venezuela rose nearly \$20 million. Fuel oil imports also increased from the Netherlands Antilles, but much less substantially. Raw cotton imports from the U.S.S.R. increased \$6 million. There were small rises in imports from other eastern European countries, Mainland China and several Latin American countries, but the largest individual gain in 1965 of some \$55 million was recorded in the imports from Japan. From among a wide variety of industrial and consumer goods which contributed to the increased Canadian imports from Japan in 1964 and 1965, yarn, fabrics and clothing taken together, fabricated steel materials, plywood, motor vehicles and parts (particularly in 1965), tape recorders, radio and TV, and cameras were more prominent.

Among the items producing small positive balances since 1962 in Canada's non-merchandise transactions with all other countries, the more substantial surpluses have originated from freight and shipping services and much smaller ones from the interest and dividend account and migrants' funds and inheritances. The deficits arising from miscellaneous current transactions and the official contributions have provided partial offsets.

STATEMENT 20. Shipments of Wheat to Sino-Soviet Countries, 1961 - 65¹

Area	1961	1962	1963	1964	1965	Total
	millions of dollars					
Mainland China	94	145	97	118	104	558
U.S.S.R. and Cuba	13	—	182	255	235	685
Poland	33	30	14	50	21	148
Czechoslovakia	21	—	13	48	29	111
Other eastern European countries	23	2	19	47	37	128
Totals	184	177	325	518	426	1,630

¹ Based on Board of Grain Commissioners' statistics.

CAPITAL MOVEMENTS

Background and Summary

The annual outline of Canada's balance of international payments between 1959, the year of peak imbalance on current account, and 1965 is provided in Statement 21.

Statistics of the balance of payments can only be properly interpreted and balance of payments developments can only be properly evaluated against the changing domestic and external environments which they link. Within the scope of this publication it is possible only to point to a selection of the factors needed for appraisal. Some of the influences such as variations in the levels of economic activity in North America and elsewhere have already been noted, as has been the recurring demand in recent years for Canadian wheat from the Sino-Soviet countries.

It will be recalled that the years covered by this report were marked by considerable economic progress in Canada and in its principal world markets, and by the end of the period, with the further economic expansion achieved by the United States and Canada, for the first time in the post-war period virtually all the industrialised countries of the world simultaneously enjoyed high levels of employment.¹

The momentum which carried the Gross National Product in Canada to successive new high levels from 1961 was accompanied by and associated with the investment boom in North America and elsewhere. In the three years 1963, 1964 and 1965 business gross fixed capital formation in Canada rose successively to \$7.6 billion, \$9.1 billion and \$10.4 billion, or some 50 per cent above the 1962 level. At the same time capital formation by governments in Canada rose 35 per cent above the 1962 level to \$2.4 billion in 1965. Overall the increase from 1962 to 1965 totalled 47 per cent.

While the savings which finance capital formation are generated in a variety of places within the

¹ "International Monetary Fund", 1966 Annual Report, p. 3.

economy, a program of this magnitude inevitably led to heavy demands on both domestic and foreign capital markets to satisfy the enlarged financial requirements of provinces and municipalities as well as of business. The absorption of capital overseas associated with the high levels of activity which prevailed in most of the industrialised economies, contributed to further pressures in the United States, the principal source of international capital, at a time when that country was itself subject to capital restraints. The competition for investment funds drove interest rates to high levels as the various markets tried to maintain spreads sufficiently wide to attract capital. Both the international structures and the stages of development of capital markets in various parts of the world were a factor in the substantial enlargement of the Eurodollar and other international money markets which had emerged in the fifties and in which Canadian banks played a prominent role. As a result the degree of international financial interdependence was greatly increased.

The United States balance of payments position proved less tractable than many had expected, and the United States authorities made vigorous efforts to achieve a greater measure of balance in their international transactions. This is not the place to describe in any great detail the special financial relationships existing between Canada and the United States, but it is necessary within this short review to indicate some of the principal developments in these efforts which were of special relevance to Canada.

There were other influences working on capital movements between Canada and other countries in these years. Severe balance of payments strains in the United Kingdom had at times effects on capital as well as current account transactions, as monetary and exchange restrictions were brought to bear on their problems by the authorities in that country, and as the international financial community responded in a series of rescue operations.

STATEMENT 21. Summary of the Canadian Balance of International Payments, 1959-65

Item	1959	1960	1961	1962	1963	1964	1965
	millions of dollars						
Capital movements in long-term forms	1,179	929	930	688	637	820	713
Capital movements in short-term forms ¹	297	265	288	297	30	- 33	527
Balance on goods and services	-1,487	-1,233	-928	-830	-521	-424	-1,083
Change in official holdings of gold, foreign exchange, and net International Monetary Fund position, less special international financial assistance	- 11	- 39	290	155	146	363	157

¹ Excluding items in final line.

In Canada government policies affected in a number of ways the character of international capital flows. Among these were tax changes having balance of payments implications which were proposed in the budget of 1963, and the extension of programs for the financing and insurance of export credits which led to sizable outflows. In Canada, too, rapid development of the short-term money markets continued, with the emergence of some new techniques and instruments. Non-residents provided important amounts of capital to this market, which experienced severe strains and underwent considerable change following the default of a major Canadian finance company and associated concerns in 1965.

The net inflow of capital in long-term forms, which had reached a peak of \$1,490 million in 1956, continued at levels upward of \$900 million, or several hundreds of millions of dollars higher than earlier, during each of the succeeding five years. These inflows then continued at somewhat lower levels, ranging between \$637 million and \$820 million, from 1962 to 1965.

An extended period of substantial inflows was interrupted in 1962 when Canada experienced a brief but severe exchange crisis generated by a variety of convergent influences. Flows of capital in long-term forms were in balance in the first half of 1962 but were again succeeded by a period of substantial net inflows. Developments during this period were described in considerable detail in the previous volume of this series. In the following four quarters, inflows in long-term forms totalled \$1,273 million, and if allowance is made for new security issues sold but not delivered the figure rises to \$1,448 million. Some special factors contributed. The Government of Canada had re-entered the United States capital market in 1962 for the first time in more than a decade, leading the way for the resumption of new issues there by other large Canadian borrowers. Substantial inflows occurred for the purchase by non-residents of major Canadian concerns. The extension of provincial utility enterprises gave rise to large demands for funds which were obtained in the United States market.

In 1963, in contrast to 1962 when the capital inflows in long-term forms occurred entirely in the second half of the year following the action taken to restore balance in Canada's external finances, the inflows were confined largely to the first half of the year in which \$585 million of the total inflow of \$637 million was received. Broadly speaking it may be said that 1962 was divided by the exchange crisis which occurred in June, while the year 1963 found a dividing point in the announcement of tax measures in Canada and in the United States. But these watersheds represent an oversimplification which may conceal or obscure both the interaction of developing situations and the lags between decisions and flows which were of some real significance in these years.

By the end of the first quarter of 1963 the spate of new issues abroad abated sharply, although deliveries continued to be substantial during the second

quarter. Late in June the Canadian budget introduced a number of measures designed to influence the balance of payments, including a measure to remove from certain non-resident purchasers of Canadian securities the burden of Canadian withholding tax. The immediate effect of this measure was largely nullified when a Presidential Message was delivered to the United States Congress in July proposing the introduction of an Interest Equalization Tax on purchases of foreign securities. The Canadian balance of payments reacted swiftly. Within twenty-four hours there was a greater loss of official holdings of gold and foreign exchange than in any similar period, even during the difficult days of the spring of 1962. The situation was soon eased by the proposal to exempt new Canadian issues, but uncertainties relating to the tax effectively deterred the sale of new Canadian issues in the United States market and as deliveries of earlier sales dwindled, the bite of the tax proposal became increasingly apparent in the figures.

These policy measures no doubt also contributed to the swings in movements of capital in short-term forms, as did the announcement in mid-September of major wheat export contracts. The impact of the latter transactions themselves and of their contribution to the general economic outlook was clearly diffused through a number of the short-term capital items.

Direct investment inflows tended to decline in 1963 with the phasing out of some very large investment projects financed by this type of movement and reductions in inflows for the acquisition of existing Canadian concerns.

The situation changed rapidly after mid-1964. Passage through the United States Congress of the legislation providing for the Interest Equalization Tax and the establishment of the anticipated exemption for Canadian new issues released the way for an accumulation of new issues. Capital inflows in long-term forms in the last half of the year rose to \$684 million, bringing the total for the year to \$820 million, compared with \$637 million in 1963. In keeping with the spirit of the Canadian undertaking to the United States that it was not its intention to increase its foreign exchange reserves through the proceeds of borrowing in the United States, the Minister of Finance in December 1964 appealed to the provincial authorities to avoid as far as possible adding to the volume of new Canadian issues in the United States at that time. Short-term capital flowed from Canada, and through Canada from the United States, to the Eurodollar market, and there were substantial inflows to the Canadian money market and on open account.

In 1965 demands for real resources found a counterpart in financial pressures, and although capital inflows in long-term forms were somewhat lower than in 1964, there were extraordinarily large inflows of capital in short-term forms. The pressures deriving from the underlying economic situation were augmented by exogenous events.

The first quarter of 1965 was affected by the introduction by United States authorities of additional measures to restore balance in their international financial position. The program of guidelines introduced by the United States authorities in February 1965 aimed at voluntary action to reduce outflows of United States capital and to repatriate excess liquid holdings abroad. These guidelines contained some specific provisions for Canada in keeping with the circumstances which had been recognized in the exemption granted new Canadian issues from the interest equalization tax. Nevertheless the guidelines led to some difficulties in the Canadian market for short-term securities which did not benefit from the special provisions applicable to long-term investment. They also had marked effects on foreign currency banking operations of the Canadian chartered banks. Canadian banks were requested by the Canadian Government to conduct their foreign currency operations in a way that would reinforce and not prejudice the effects of the United States program. During the second quarter of 1965 investor confidence experienced a sharp shock with the default of a Canadian finance company and the subsequent revelation of widespread involvement of other companies. These external and domestic factors created problems of considerable delicacy for the monetary authorities.

Canada's net payments on current account with the United States were higher in 1965 than in 1964, but the enactment of the Interest Equalization Tax legislation during the summer of 1964 and the special arrangements which became effective with respect to Canada had removed a barrier to Canadian new issues and as a result the net receipt of capital in long-term forms was considerably higher in the earlier part of 1965 than a year earlier. In contrast, however, to 1964, a net capital outflow to the United States in short-term forms (even after a significant drop in private deposits of Canadians in United States dollars) offset most of the inflow from that country in long-term forms in each of the first three quarters of 1965, leaving a massive balance. Settlement of this was achieved in part by drawing down official holdings of United States dollars and in part through a substantial withdrawal of funds from the rest of the world. Indeed transactions between Canada and the rest of the world over the year as a whole gave rise to net multilateral settlements, or receipts applied on Canada's account with the United States, aggregating almost \$1,500 million compared with \$27 million in 1964. To a considerable extent these movements arose from the important international role of the Canadian banking system. Withdrawal from the system of substantial foreign currency deposits by United States residents, together with the necessity for financing from Canadian resources a larger balance of Canada's transactions with the United States, led almost inevitably to a substantial liquidation of net Canadian claims in United States dollars on overseas countries. These developments highlight dramatically the interdependence of the international financial system.

In 1965 the inflow of foreign direct investment capital turned upwards, after four years of decline, but inflows in some long-term forms were inhibited, while repurchases of outstanding equities, influenced probably by market developments as well as perhaps by the Interest Equalization Tax in the United States, occurred on an increasing scale. Very great pressures were therefore concentrated on the remaining substantial channel for long-term inflows (apart from direct investment), the sale to non-residents of new issues.

In the latter part of the year, at a time when the Canadian balance of international payments is normally relatively strong, the current account and general balance of payments were suddenly strengthened as a result of the second large wheat sale to Russia. During the autumn Canadian borrowers were also selling a large volume of Canadian securities in the United States. As a result Canada's exchange reserves, including the net creditor position in the International Fund, increased well above the level at which it was aimed to hold them in accordance with the understanding with the United States. The Canadian authorities regarded this abnormal rise as temporary, but it coincided with a period when the United States was quite concerned over its balance of payments.

Accordingly after reviewing the matter with the United States authorities, the Minister of Finance agreed that the financial authorities of both countries should cooperate in requesting Canadian borrowers and their underwriters to endeavour to defer until 1966 the delivery to the Canadian borrowers of the proceeds of security issues in the United States. The United States authorities informed the Minister that they would place no impediment in the way of making such deferred deliveries in 1966. As a result of this action in November 1965 it was hoped to smooth out the quarterly flow of capital between the two countries in a manner that better reflected the balance of payments requirements.

In the late fall the United States authorities decided that their balance of payments position required the adoption of further guideline measures. Two were of major concern to Canada. The first requested United States financial institutions other than banks to limit the increase in their holdings of long-term foreign investments to a small portion of their holdings at an earlier date. The Canadian authorities considered that this restriction on the sale of long-term securities in the United States, if applied to Canada, would have had very adverse effects. Accordingly they sought and obtained an exemption from this restriction, justified on the same grounds as the original exemption from the Interest Equalization Tax, and in consideration for a Canadian undertaking of the same kind regarding the level of Canadian reserves. Since it was not considered desirable to rely too heavily on general monetary and fiscal measures to control the inflow of capital, alternative techniques involving the repatriation of outstanding Canadian securities in the United States would be used if necessary.

The second important measure was a voluntary ceiling on direct investment by United States corporations. Vigorous representations were made by the Canadian authorities that the application of this guideline to Canada was inappropriate but after consideration the United States authorities came to the conclusion that the guideline had to be without special exceptions if it was to be effective in meeting the aims of their general balance of payments program.

Widespread concern was evoked in Canada by the developments in the United States program to strengthen its balance of payments position. The subject was discussed in March 1966 by the Joint Canada - United States Ministerial Committee on Trade and Economic Affairs. The Secretary of State for External Affairs reported to the House of Commons that the United States members made clear that the United States Government was not requesting United States corporations to induce their Canadian subsidiaries to act in any way that differed from their normal business practices as regards the repatriation of earnings, purchasing and sales policies, or their other financial and commercial activities. The actions which were taken served effectively to moderate the potential consequences of the program for the Canadian economy.

As the statistics in this report show, Canada's international transactions have on balance contributed strength to the United States balance of payments position. The difficulties which have been experienced in adapting the United States measures to Canada's special relationship are in some sense a reflection of that relationship.

In the event, long-term forms of inflow over the whole of 1965 were equal to only about two thirds of the deficit on current account, roughly reversing the position in the previous year although it may be

noted that there was a substantial increase of undelivered new issues. The principal factors in the reduction between 1964 and 1965 of net capital inflows in long-term forms were a substantially increased outflow for the repatriation of Canadian equities, and a substantial contraction in bank and other borrowing. The effects of these declines were partly ameliorated by enlarged inflows for direct investment in Canada.

The shortfall was supplied by capital inflows in short-term forms. Volatility is a characteristic of these movements. The very large shift of well over half a billion dollars which occurred in 1965 reflected substantial inflows mainly through reductions of Canadian holdings abroad of bank balances and other short-term funds concentrated largely in the first half of the year when the heavy drawbacks of residents' funds employed by the Canadian banking system in the Eurodollar market occurred. During the year there was a substantial repatriation of Canadian finance company paper but these outflows were offset by enlarged external borrowing of other sorts by these institutions. The announcement in the third quarter of the second large sale of wheat to the U.S.S.R. gave promise of future export receipts and there were anticipatory inflows. As the year closed there were further large inflows of capital arising from changes in intercompany account balances, other short-term loans and accounts payable, etc. Over the year Canada's net external monetary assets rose.

This summary has noted the prominent place of new issues in the years from 1962 to 1965 and some of the official intervention which modified their pattern. Special interest may therefore attach to Statement 22 comparing actual inflows in long-term forms with series adjusted to reflect the timing of security offerings.

STATEMENT 22. Capital Movements in Long-term Forms, 1962 - 65

Period	Actual inflow	Adjusted to reflect timing of security offerings
millions of dollars		
1962.....	+688	+968
1963.....	+637	+426
1964.....	+820	+749
1965.....	+713	+972
1962 I Q.....	+ 14	+116
II Q.....	- 14	-140
III Q.....	+228	+518
IV Q.....	+460	+474
1963 I Q.....	+381	+499
II Q.....	+204	- 43
III Q.....	+ 27	- 35
IV Q.....	+ 25	+ 5
1964 I Q.....	+ 3	- 33
II Q.....	+133	+ 88
III Q.....	+212	+401
IV Q.....	+472	+293
1965 I Q.....	+128	+209
II Q.....	+134	+105
III Q.....	+216	+331
IV Q.....	+235	+327

Sector Assets and Liabilities

Statement 23 provides an analysis of capital movements between Canada and other countries during 1963, 1964 and 1965 showing the flows affecting Canada's external assets (other than official monetary movements) and Canada's external liabilities, each classified by sector. This statement emphasizes the importance of the private sector and of provincial and municipal governments in Canada's international capital account. It shows the very substantial changes made each year to both external assets and external liabilities. Unlike the basic presentations elsewhere in this report, the statement incorporates on a gross basis the foreign currency operations of the chartered banks conducted from Canada. (The complex nature of these operations and the difficulties to which they give rise when interpreting various presentations of the balance of payments are referred to in a note on page 55.) It may be noted, for example, that the net outflows recorded for the banking sector in 1963 and 1964 in fact include cover for substantial increases in foreign currency deposits held in Canada by Canadian residents. Had these residents chosen to hold deposits of this nature with foreign banks or even with branches of the Canadian banking system outside Canada, the effect would have been to reduce or eliminate the outflow attributed to the banking sector and to correspondingly reduce the inflow on short-term account which in the statement is attributed to the private sector. (The basic presentation of the Canadian balance of payments for all sectors

of the economy as a group recorded capital inflows in short-term forms of \$30 million in 1963 and \$527 million in 1965 and a capital outflow in short-term forms of \$33 million in 1964.)

The fact that gross transactions between Canada and other countries aggregate very large sums is easy to overlook as attention tends to be focused on the balances of groups of transactions. Using data for 1965 it will, of course, be widely recognized that the deficit on current account of \$1,083 million was made up of receipts of \$11,503 million and payments of \$12,586 million, or gross exchanges aggregating over \$24 billion. It is more difficult to put a meaningful figure on gross capital transactions, although in the case of long-term securities detailed reports show that the net inflow of \$541 million in 1965 involved receipts of \$2,513 million and payments of \$1,972 million. To this turnover of \$4,485 million there might be added \$2,361 million representing the turnover of short-term money market instruments. Without allowing for the turnover in many short-term forms such as foreign currency deposits of banks and of private Canadian residents, nor for turnover within the very substantial group of short-term loans and inter-company accounts receivable and payable, capital transactions in 1965 involved over \$9 billion. Taking into account also the transactions in official holdings of external monetary assets, gross transactions between Canada and other countries during 1965 are clearly indicated to have been well over \$35 billion.

STATEMENT 23. Capital Movements¹ between Canada and Other Countries, 1963 - 65
Summary by sector assets and liabilities

Sector ²	1963			1964			1965		
	Affecting Canada's external assets ³	Affecting Canada's external liabilities	Affecting Canada's net external liabilities	Affecting Canada's external assets ³	Affecting Canada's external liabilities	Affecting Canada's net external liabilities	Affecting Canada's external assets ³	Affecting Canada's external liabilities	Affecting Canada's net external liabilities
	millions of dollars								
Private:									
Long-term	-177	409	232	- 266	485	219	-251	742	491
Short-term	-117	268	151	- 178	520	342	- 48	107	59
Columbia River Treaty transactions	-	-	-	- 220	274	54	32	-	32
Banking ⁴	-500	377	-123	- 767	486	-281	645	-185	460
Provincial and municipal governments	-	268	268	-	522	522	-	337	337
Government of Canada	26	113	139	- 54	-15	- 69	-156	17	-139
Totals	-768	1,435	667	-1,485	2,272	787	222	1,018	1,240

¹ Excludes changes in official holdings of gold and foreign exchange and changes in Canada's net balance with the International Monetary Fund.

² Columbia River Treaty transactions are shown separately because of their special character. (See text, page 50.) Funded debt of government enterprises is included with the appropriate government sector.

³ A minus sign indicates an outflow of capital from Canada and a corresponding increase in Canada's external assets.

⁴ Data for the banking sector include changes in assets and liabilities which are netted out in the data elsewhere in this report in accordance with the treatment described on page 55. They include both Canadian and foreign currency items. Because of the existence of substantial foreign currency claims on and by other residents of Canada, the net change bears no relationship to the foreign currency position of the banking system.

Direct Investment in Canada

The net movement of capital into Canada for direct investment in foreign-controlled enterprises during 1965 amounted to \$405 million, substantially higher than the inflows of \$280 million and \$270 million during 1963 and 1964, respectively. The

figures for these two earlier years were, successively, the lowest recorded since 1950.

The flows of long-term capital in connection with direct investment may be said to comprise several streams. Some of them are directed to new

capital formation; others arise from the consumption of capital. Others relate to the purchase or sale of existing enterprises or assets. Yet others arise from changes in financial structure, the interchange of equity and debt financing, recourse to various financial markets, shifts in financial working capital, etc. Many of these transactions tend to be large and irregular. They may be inwards or outwards. At times their net impact may be largely in one direction or the other and may substantially obscure any trend of more regular flows.

In the main, the net inflows aggregating \$280 million in 1963 and \$270 million in 1964 reflected additional investment by foreign corporations in their Canadian subsidiaries or branches and contributed to new capital formation in Canada. In both years inflows for the takeover of existing concerns by non-residents were on balance exceeded by outflows from Canada covering the repurchase of foreign equity in Canadian enterprises. This was a reversal of the situation in most earlier years, particularly 1962, when net inflows for the takeover by non-residents of Canadian enterprises and for refinancing, etc. having no counterpart in current new capital formation in Canada accounted for well over a quarter of the net movement. Indeed the swing in this type of transaction served to explain about \$175 million of the decline of \$225 million in the net inflow from 1962 to 1963.

During 1965 there were significant outflows on balance, particularly in the first quarter, covering takeovers and refinancing operations. Abstracting the various special transactions not related to current capital formation in Canada, the remaining flows appear to have been somewhat more evenly divided by quarters and generally larger than the overall totals for the immediately preceding years.

The long period during which the industrial distribution of direct investment inflows was dominated by the demands of the petroleum and natural gas industry and mining came to an end in 1963 when manufacturing assumed first place. It accounted for more than a third of the net direct investment inflow in 1963 and more than two thirds of the 1964 inflow. Gross inflows to manufacturing in 1964 were significantly higher than in 1963 but were somewhat more reduced by outflows. Petroleum and natural gas was in second place, receiving more than a quarter of the net movement in both 1963 and 1964 although the flow was considerably reduced from previous years when the influence of takeovers was more prominent. The finance industry followed with about one tenth of the 1964 movement. Inflows into mining were sharply down from 1963 when they represented about one sixth of the net movement.

It has already been noted that in 1965 direct investment inflows were about 50 per cent larger on

balance than in 1964.² Net inflows to manufacturing continued to outpace those to other industrial sectors and represented about half of the net movement. There were important takeover and refinancing transactions in each direction, which produced, on balance, a moderate inflow. Petroleum and mining also received important amounts, but on balance the net movements to or from other industrial sectors do not appear to have been large. Petroleum was affected by outflows from several large takeover transactions.

In the light of the changing industrial composition of the flows, it is of interest to note that investment in manufacturing in Canada, as reported in "Private and Public Investment in Canada", rose by 7 per cent from \$1,269 million in 1962 to \$1,358 million in 1963, and then increased dramatically to \$1,831 million in 1964 and \$2,340 million in 1965. In contrast to declining direct investment inflows from non-residents to the petroleum and natural gas industry total capital outlays in the industry in Canada in 1964 and 1965 rose by about 8 per cent and 9 per cent, respectively, over the 1963 level. A similar pattern was evident in other mining.

Geographically the bulk of the net inflow for direct investment continued to originate from the United States. Net movements from that country accounted for \$220 million in 1963, \$188 million in 1964 and \$353 million in 1965 out of totals of \$280 million, \$270 million and \$405 million, respectively. United Kingdom-controlled investment gave rise to net inflows of \$38 million and \$55 million in the two earlier years and to an outflow of \$2 million in 1965 which appears to have been largely associated with the drawing down of intercorporate liabilities. Other OECD countries in Europe accounted for inflows of \$27 million and \$47 million in 1964 and 1965 and other sterling area countries for inflows of \$4 million and \$3 million, respectively. A net outflow of \$4 million to all other countries in 1964 was offset by a \$4 million inflow in 1965.

The industrial distribution of movements of capital for United States direct investments in Canada from 1955 through 1964 is given in Table 5. Data in this form are not yet available for 1965. The figures show the changing mix of gross inflows and outflows. Many United States-controlled companies in Canada obtain investment capital from sources in the United States other than their parent companies or principal owners. These investments, which from time to time generate substantial capital flows, affect total United States investments in controlled companies in Canada. In this table they are included in the category "Other Capital Movements" which

² There are many reasons why capital flows for direct investment are not always closely related to current capital formation. See "About the figures - Foreign Direct Investment in Canada" Page 35. "The Canadian Balance of International Payments 1960 and International Investment Position".

also includes classification adjustments and adjustments for investment abroad by United States-controlled enterprises in Canada. In most post-war years, and particularly in the late 1950's, they have involved substantial net inflows of capital. However, they have tended to decline in recent years, and in 1964 they resulted in a net capital outflow. When these movements are taken into account, the net capital flow from the United States affecting the book value of United States direct investment in Canada is shown to have been considerably different from the flow of direct investment capital and its industrial distribution. The further continuing and important element in this series is the growth of undistributed earnings accruing to United States owners, but it is also affected, at times quite erratically, by revaluations, reclassifications, and similar accounting adjustments. It will be noted that the actual capital flow associated in any given period with a change in the control of a company may give rise to shifts of a quite different order of magnitude.

New material recently published in the United States³ covering Canadian affiliates of United States companies in the manufacturing, mining and petroleum industries confirms the importance of the part played by foreign-controlled enterprises in investment activity in Canada. However, the flows of direct investment capital may be seen to be marginal in the sense that they appear to be significantly more volatile than other sources of financing. Thus in 1964 funds from the United States invested in these Canadian affiliates accounted for only 6 per cent of funds used by them, including net income retained, depreciation and depletion, and funds obtained in Canada and elsewhere. When the total funds needed increased by some U.S. \$750 million in 1965 the use of United States funds jumped some U.S. \$500 million to 23 per cent of the total. Depreciation and depletion supplied 39, 38 and 31 per cent of these funds in 1963, 1964 and 1965, respectively, net income retained 33, 33 and 22 per cent, and funds raised elsewhere than in the United States 17, 19 and 21 per cent, respectively.

Canadian balance of payments estimates do not reflect the accrual to non-residents of undistributed earnings on Canadian investments. Such earnings are an important source of corporate financing, and have been a factor contributing to the rapid growth of the equity of non-residents in Canadian industry and commerce. The retention of earnings on portfolio investment in Canada includes passive or involuntary reinvestment by foreign shareholders (although, of course, they may dispose of their investment if they choose to do so). On the other hand the retention of earnings on foreign direct investments in Canada arises from the decision or acquiescence of non-resident investors in a position

to control the company. It is, therefore, tantamount to the introduction of additional capital from abroad.

Some of the factors affecting the distribution or retention of earnings have been referred to earlier. Table 7 shows substantial outflows in the direct investment account representing the return of capital to its foreign owners, amounting, in 1964, to the unusually high figure of \$461 million to the United States alone. A part of these outflows reflects the withdrawal of foreign investors from some enterprises, but by far the largest part seems to cover capital repayments arising from cash flows generated in the enterprise in Canada, and may often be substantially offset by the retention in Canada of undistributed earnings accruing beneficially to non-residents. Such outflows may in a sense be regarded as really transfers of income although they take a capital form.

Revised estimates of the total undistributed earnings on all foreign direct investments are included in Table 6. Earnings retained during 1964 are estimated to have amounted to about \$455 million. The accumulation of undistributed earnings has added \$5,215 million to Canada's external indebtedness in the 19 years from 1946 to 1964. Industrial details for 1960 and 1961 published in Statement 12C of the report for 1961 and 1962 indicate that well over half of these undistributed earnings accrued to manufacturing. Retained earnings on foreign portfolio investment in Canada add further large amounts. The estimates show that undistributed earnings of foreign direct investment in Canada have fluctuated considerably. The trend was typical of the undistributed earnings of all Canadian corporations, although the share of foreign direct investment has been declining. Many extensive enterprises owned in Canada by non-residents have not yet reached the stage of significant earnings.

Direct Investment Abroad

Net outflows of Canadian capital for direct investment abroad reached \$135 million in 1963, \$95 million in 1964 and \$125 million in 1965. The 1963 flow was the largest on record and compared with previous peaks of \$105 million in 1952 and 1956. As in earlier years, the totals reflect a multiplicity of transactions having little in common with respect to origin or destination.

Geographically, in 1963 the United Kingdom was the largest recipient of Canadian direct investment capital with net outflows of \$40 million to that country. Among the important industrial areas of investment were the beverages and distribution sectors. Direct investment in the United States followed with a net outflow of \$36 million in which the finance industry and manufacturing played an important role. Other OECD countries in Europe followed close behind with receipts of \$33 million much of which was directed to manufacturing. Investments in other sterling area countries and in all other countries each received outflows from Canada of \$13 million.

³ "Sources and Uses of Funds of Foreign Affiliates of U.S. Firms, 1965", Survey of Current Business, January, 1967, Office of Business Economics, United States Department of Commerce.

The geographic pattern changed considerably in 1964 when the United States and sterling area countries other than the United Kingdom assumed first place, each receiving \$35 million of the direct investment outflows of Canadian capital. Prominent among the investments in the United States were beverages and finance, but there were outflows to other industrial sectors which were more than offset by the return of Canadian capital. Manufacturing, mining and finance were prominent among investments in sterling area countries other than the United Kingdom. There was a sharp contraction in outflows to the United Kingdom. These fell from the exceptionally high level of \$40 million recorded in 1963 to \$3 million in 1964. While there continued to be important outflows to some manufacturing enterprises, funds were withdrawn from some other Canadian direct investments in the United Kingdom. It will be recalled that the United Kingdom was experiencing exchange difficulties at this time and it may be supposed that some of the larger enterprises reduced their working capital in the United Kingdom. Other OECD countries in Europe were the next largest recipients of Canadian direct investment capital in 1964 but at \$18 million, the amount was well below the levels of some earlier years. Manufacturing and beverages accounted for an important part of the total. The net outflow to all other countries also contracted and at \$4 million was somewhat less than one third of the figure for the previous year.

In 1965 the outflow to the United States doubled to \$70 million, most of which was directed to the manufacturing and financial sectors. The geographical distribution of flows to overseas countries was little changed. The outflow to sterling area countries other than the United Kingdom increased slightly to \$38 million. This was principally allocated between mining, transportation and finance. The outflow of \$17 million to other OECD countries in Europe again went mainly to manufacturing and beverages. On balance, there was a small inflow of \$2 million from the United Kingdom and an outflow of the same amount to all other countries.

Summary of Transactions in Portfolio Securities

The net capital inflow from Canada's international transactions in portfolio securities exceeded the inflow for direct investment in foreign-controlled enterprises, traditionally the major type of long-term capital inflow, in each of the years, 1963 to 1965. In total, the net inflows of \$471 million, \$645 million and \$541 million for 1963, 1964, and 1965, respectively, were equivalent to over 80 per cent of the aggregate deficit on current account for the three-year period.

Details of transactions in Canadian and foreign issues respectively are given in Tables 9 and 10, and in summary form in Statements 24 to 27. The proceeds of new issues of Canadian securities sold to non-residents in 1965 amounted to \$1,209 million but there were offsetting retirements of \$382 million of foreign-held Canadian securities. Trading in

outstanding Canadian securities led to a net capital outflow of \$202 million bringing the net inflow from transactions in Canadian securities to \$625 million. In the opposite direction there was a net capital export of \$84 million from all transactions in foreign securities by Canadian residents.

In each of the three years under review overall transactions in portfolio securities with the United States gave rise to substantial inflows of capital, which were moderately reduced by purchase balances with the United Kingdom. Apart from an outflow of \$30 million in 1963 from dealings in Canadian securities with residents of other OECD countries, net transactions with other countries involved fairly small movements.

The United States has long been the principal source of the capital arising from Canada's international transactions in portfolio securities. Only twice over the past two decades, in 1947 and 1955, have there been net outflows to that country in any year as a whole. The net capital inflow from security transactions with the United States totalled \$613 million in 1965 compared with \$576 million and \$685 million in 1963 and 1964. The movement in 1965 included net sales of \$685 million of Canadian securities, comprising \$28 million of outstanding bonds and debentures and \$1,166 million of new issues offset by \$326 million of retirements and net purchases of outstanding stocks amounting to \$183 million. A similar pattern was followed in 1963 and 1964 with substantial inflows from the sale of new issues together with modest net sales of outstanding bonds outweighing outflows for the repurchase of outstanding stocks and retirements. Transactions with the United States in foreign securities in 1965 led to a capital outflow of \$72 million compared with a \$41 million outflow in 1964. The 1965 outflow involved net purchases of outstanding and new issues totalling \$51 million and \$27 million, respectively, which were slightly reduced by an inflow of \$6 million from retirements. Inflows of \$17 million from retirements and \$42 million from net sales of outstanding issues were partly reduced by purchases of \$34 million of new issues to produce an inflow of \$25 million in 1963.

Security transactions with the United Kingdom in 1965 produced a net capital outflow for the sixth year in succession. Net repurchases of Canadian issues accounted for the overwhelming proportion of outflows of \$84 million, \$53 million and \$62 million in 1963, 1964 and 1965, although in each year small outflows also accrued from the net purchase of foreign securities. In each year transactions in Canadian securities were dominated by outflows for the repurchase and retirement of outstanding securities (particularly of stocks) held by non-residents. An especially large outflow of \$82 million in 1963 included retirements amounting to \$40 million and the repatriation of \$5 million of foreign-held bonds and of \$55 million of foreign-held stocks. These movements were reduced by sales of new issues amounting to \$18 million. Purchase balances of \$45 million and \$61 million from trading in Canadian

securities in 1964 and 1965 conformed to this broad pattern. Transactions in foreign securities with the United Kingdom led to small outflows of \$2 million in 1963, \$8 million in 1964 and \$1 million in 1965, which resulted almost entirely from trading in outstanding issues.

There was a small purchase balance of \$21 million from security transactions with other foreign countries in 1963. Contributing to this total were outflows of \$1 million for the purchase of foreign issues and of \$7 million and \$49 million for the repurchase and retirement of outstanding Canadian issues. These outflows were reduced by receipts of \$36 million from the sale of new Canadian issues. The overall outflow of \$10 million in 1965 came from net purchases of foreign securities. Transactions in Canadian securities were more or less offsetting with retirements producing an outflow of \$33 million and sales of outstanding and new issues inflows of \$5 million and \$23 million. In 1964 a net inflow from transactions in Canadian securities of \$16 million, comprising retirements of \$43 million and net sales of \$33 million and \$21 million of new and outstanding issues, was reduced by a net outflow of \$3 million for the acquisition of foreign securities.

A high volume of portfolio security movements between Canada and other countries is normal. In 1965 the total value of transactions leading to a net inflow of \$541 million approximated \$4.5 billion or about \$0.8 billion higher than the 1963 level.

Statistics compiled by the Bank of Canada indicate that gross deliveries of new Canadian issues in both domestic and foreign capital markets during 1965 amounted to \$7.0 billion. Retirements totalled \$4.6 billion to leave a net new supply of \$2.4 billion, or significantly less than in 1964 when the net new supply reached \$3.0 billion of which \$557 million comprised Government of Canada direct and guaranteed issues. In contrast, in 1965 the Government of Canada retired \$62 million of its issues—the first time there has been no net increase since 1957. After accounting for retirements non-residents purchased \$697 million of new and outstanding issues in 1964, or the equivalent of 23 per cent of the net new supply. In 1965, however, net purchases by non-residents, though somewhat lower at \$625 million, constituted 26 per cent of the significantly smaller net new supply. Net purchases by non-residents in 1963 formed about 18 per cent of the net new supply. Foreign capital invested in provincial securities was equal to 37 per cent of the net new supply of provincial issues in 1965 compared with 41 per cent in 1964, 30 per cent in 1963, and 18 per cent in 1962. The sharp rise in 1963 was associated with a substantial increase in net new borrowing by provinces. Foreign investment in municipals represented about 22 per cent of net new issues in 1965 compared with 33 per cent in 1964 and 22 per cent in 1962. In 1963 there was a net outflow of \$14 million from transactions with non-residents, which was equivalent to about 4 per cent of the net new supply. In the case of corporate and institutional bonds and debentures, net purchases

by non-residents increased from 42 per cent of the net new supply in 1962 to 47 per cent in 1963 and 49 per cent in 1965. The 1964 figure was somewhat lower at 39 per cent. When transactions in stocks are combined with those in corporate and institutional bonds and debentures, net purchases of the net new supply by non-residents rose in each year from 6 per cent in 1962 to 20 per cent in 1965, despite substantial net outflows for the retirement and repurchase of foreign-held Canadian stocks.

In their trading in Canadian securities foreign investors appear to be influenced by many considerations including exchange rate factors, relative investment opportunities elsewhere, and the political and economic climates at home and abroad. The controversy over the takeover of public utilities by provincial authorities which was in evidence between 1961 and 1963 appears to have subsided somewhat by 1964 but it seems likely that investment confidence was further shaken in 1965 by the failure of a major Canadian sales finance corporation and disclosures relating to other publicly traded corporations.

During the period under review security transactions between Canada and other countries were also significantly influenced by balance of payments measures introduced by the Governments of several countries, including Canada. Steps were taken in the Canadian budget of 1963 to relieve certain non-resident purchasers of Canadian bonds of the burden of the Canadian withholding tax but in July 1963 a proposal to adopt an interest equalization tax was introduced in the United States. Although the intention of exempting Canadian borrowers was announced shortly afterwards, uncertainty continued to dominate the United States capital market as a source of long-term financing for Canada for the rest of that year. In 1965 the United States Government adopted additional measures, including, by joint arrangement with the Canadian authorities, the deferral of some deliveries of Canadian offerings on the New York capital market and the introduction of a series of voluntary guidelines to inhibit the export of United States capital. Steps taken in 1965 by the United Kingdom Government to improve its balance of payments position included a provision to allocate to official reserves 25 per cent of the foreign currency proceeds received by United Kingdom residents from the sale or redemption of securities of countries outside the sterling area and so to reduce substantially the new supply of so called investment currency available to United Kingdom residents for investment in the securities of non-sterling area countries.

Transactions in Outstanding Canadian Securities

Trading in outstanding Canadian securities in the period 1963-65 followed the broad pattern of purchase balances set in 1962, when net sales of bonds and debentures to non-residents were more than offset by net repurchases of foreign-held common and preference stocks. This contrasts sharply

with the period from 1950 to 1961 when substantial capital inflows from the net sale of outstanding stocks was the pattern for most years. As shown in Statement 24, there were substantial purchase balances of \$131 million and \$202 million in 1963 and 1965, respectively. The repatriation of Canadian equities which dominated trading in both 1963 and 1965, accounted for exceptionally large net out-

flows of \$170 million and \$264 million while net sales of Canadian bonds resulted in inflows of \$39 million and \$62 million, respectively. A sharply reduced net outflow of \$98 million from the repatriation of Canadian stocks combined with a moderate increase, to \$77 million, in the net sale of bonds and debentures led to a much smaller purchase balance of \$21 million in 1964.

STATEMENT 24. Portfolio Transactions in Canadian Securities between Canada and Other Countries, 1963-65

Country and type of security	Trade in outstanding issues			New issues			Retirements			Total		
	1963	1964	1965	1963	1964	1965	1963	1964	1965	1963	1964	1965
	millions of dollars											
United States	- 64	-14	-155	+930	+1,040	+1,166	-315	-300	-326	+551	+726	+685
United Kingdom	- 60	-28	- 53	+ 18	+ 22	+ 15	- 40	- 39	- 23	- 82	- 45	- 61
Other countries	- 7	+21	+ 6	+ 36	+ 38	+ 28	- 49	- 43	- 33	- 20	+ 16	+ 1
Totals	-131	-21	-202	+984	+1,100	+1,209	-404	-382	-382	+449	+697	+625
Bonds and debentures	+ 39	+77	+ 62	+970	+1,078	+1,179	-324	-324	-374	+685	+831	+867
Common and preference stocks....	-170	-98	-264	+ 14	+ 22	+ 30	- 80	- 58	- 8	-236	-134	-242

The geographical distribution of these net capital flows showed little variation over the three-year period. Transactions in outstanding stocks generated net outflows to each of the three main areas in each of the three years. Trading in outstanding bonds and debentures, on the other hand, resulted in net capital inflows from the United States and other countries and outflows to the United Kingdom in each year.

Overall, trade in outstanding Canadian securities produced net outflows in all quarters of 1963, and in all quarters of 1965 except the third when a small net inflow occurred. Purchase balances in the first and fourth quarters of 1964 were considerably reduced by inflows in the second and third quarters. The net capital outflows for the repatriation of outstanding common and preference stocks, which commenced in the fourth quarter of 1961, continued in each quarter of the three-year period.

The average of common stock prices in Canada, as measured by the DBS Investors Index, rose 3 per cent during 1965, about one seventh of the rate of increase recorded in 1964 and one third of that in 1963. In contrast to 1964 Canadian prices in 1965 were less strong than those in the United States, as measured by Standard and Poor's "500" Index. There was a close similarity in the magnitude and direction of movement in the two indexes during the first six months of 1965, with each rising steadily up to May and falling in June. Monthly movements were again broadly similar in direction in the latter

half of the year. However, on the whole, increases were larger and decreases smaller in the United States so that the index in that country reached a new monthly peak in November 1965 and closed the year at its second highest monthly level ever. In contrast Canadian stock prices in December 1965 were still 5 per cent below the May monthly peak.

The roughly parallel movement in stock prices in the two countries mirrors the similarity of market influences as well as the interlisting of issues. Gross sales to non-residents in 1965 of \$427 million of outstanding Canadian stocks were \$107 million lower than in 1964 and amounted to about one eleventh of the value of securities traded on the principal exchanges in Canada—about three quarters of the 1964 proportion. Gross purchases from non-residents of \$691 million represented about one seventh of trading on Canadian exchanges—roughly the same proportion as in the previous year. Included in the above comparisons is trading on the so-called "Z" markets. These are special trading facilities set up by the principal stock exchanges in Canada, shortly after the July 1963 proposal in the United States for the Interest Equalization Tax. On these markets United States residents may buy Canadian securities from their fellow countrymen without incurring a tax penalty. Transactions on these special markets were somewhat in excess of \$20 million in 1965, down significantly from the 1964 total of about \$30 million. The largest of these "Z" markets is operated by the Toronto Stock Exchange and it is interesting to note that the main decrease

in the value of their trading occurred on the industrials section while there was only a small decline in the value of shares traded on the mines and oils section. As a result of these changes the value of shares traded on the industrials section of the Toronto "Z" market which had been only slightly less than on the mines and oils section in 1964 declined to about one half in 1965. It should be noted that all purchases by United States investors of the stock of certain Canadian corporations, including some of the largest, whether from United States residents or not, have been exempted from the incidence of this tax. Exclusion is based mainly on the degree of United States ownership and the volume of trading of the shares on stock exchanges in the United States. Trading of the shares in these companies on exchanges in Canada between United States residents would not be reflected in the "Z" market figures but would form a part of the grand total of all shares traded on stock exchanges in Canada.

New Issues and Retirements of Canadian Securities

The net capital inflow from the sale of new issues of Canadian securities to non-residents, which, in 1963, reached \$984 million, the highest level since the war, moved to successively higher peaks of \$1,100 million and \$1,209 million in 1964 and 1965. The 1963 data include the delivery of the second half of a \$270 million United States pay offering, which constituted the first Government borrowing outside Canada since 1950 and acted as a lead to other sections of the long-term market. Sales to non-residents of new issues of provincial governments expanded sharply to \$343 million in 1963 and to \$439 million in 1964 but fell to \$297 million in 1965. A similar pattern was followed by sales of new municipal issues which rose to \$62 million and \$182 million in 1963 and 1964 and contracted to \$86 million in 1965. Sales of new corporate bond issues, commencing from a high level of \$331 million in 1962, continued to grow in each of the three years under review. Proceeds for 1965,

most of which were ear-marked for further expansion of the pulp and paper, and petroleum and natural gas industries, reached the unprecedented level of \$768 million, or almost as much as the \$392 million of 1963 and \$414 million of 1964, combined. Details of the new issues classified by issue and currency of payment are provided in Table 9. These show that there was considerable quarterly variation in the sale of new issues to non-residents during the three years.

United States residents purchased over 96 per cent of the new issues sold to non-residents in 1965 compared with 95 per cent of both the 1963 and 1964 amounts. The proportion of new issues of Canadian bonds and debentures sold to non-residents which were payable either optionally or solely in foreign currency was 85 per cent in 1963, 79 per cent in 1964 and 81 per cent in 1965.

Statement 25 gives details of offerings of new Canadian bonds and debentures made to United States residents and delivery data appropriate for balance of payments purposes over the ten-year period 1956 to 1965. The figure of \$1,408 million for total offerings to United States residents in 1965 is the highest recorded for any year since statistics of offerings have been compiled, and easily exceeds the previous high of \$957 million reached in 1964. It should be noted, however, that a proportion of the new Canadian issues placed with United States underwriters is frequently resold to residents of other foreign countries. In contrast to 1964 and 1963, offerings of new Canadian issues during 1965 were fairly evenly distributed between the four quarters. Substantial amounts of the offerings, especially in the third and fourth quarters, were for later delivery. The undelivered balance of sales at the end of 1965 was \$310 million or six times the year-end figure for 1964. This is in part a reflection of the joint request made in November by the Canadian and United States Governments to defer until January 1966 the delivery of new Canadian issues placed on the New York capital markets.

STATEMENT 25. Offerings and Deliveries of New Issues of Canadian Bonds and Debentures Sold to Residents of the United States, 1963 - 65

Item	1963	1964	1965
	millions of dollars		
Offerings	711	957	1,408
Deliveries of prior offerings	322	122	46
Offerings for later delivery	111	51	305
Proceeds of new issues	922	1,028	1,149
Undelivered balance at end of period	122	51	310

The growth in Canada's external liabilities from the sale to non-residents of new issues of Canadian bonds and debentures is naturally somewhat greater than the proceeds derived from the transactions. The total proceeds of new issues of these Canadian securities sold to non-residents in 1965 was \$1,179 million. This included \$229 million from the sale of Canadian bonds and debentures payable in Canadian funds and \$950 million payable optionally or solely in foreign currencies. As many bond issues are sold at a discount, the par values at which they should be redeemed (unless repurchased through the market) are, of course, somewhat above the amounts received by the borrowers. In addition there may be certain underwriting costs to pay in foreign currencies when the issues are floated abroad.

Statement 26 compares yields on representative long-term bonds issued by the Governments of Canada and the United States. (It is considered that differences in bond yields between Canada and the United States are among the factors determining the source of new capital raisings by the major Canadian borrowers. Other factors may include the magnitude of financing involved and the possible saturation of the Canadian market, the relative standings in Canadian and foreign markets of various borrowers and their relationship to the markets, as well as the type of industry involved.) Changes in interest rates

in Canada and the United States appear to have been more sympathetic during the years 1963, 1964 and 1965 than they were in either of the two previous years. In both Canada and the United States interest rates tended to rise in 1963 and 1965 and to decline in 1964. The yield on the representative long-term Government of Canada issue shown in the statement rose by 9 base points to 5.16 per cent during 1963 and by 47 base points to 5.53 per cent during 1965. The yield on the roughly comparable United States Government issue increased by 35 base points to 4.19 per cent during 1963 and by 33 base points to 4.49 per cent during 1965, but fell 3 base points to 4.16 per cent during 1964. In 1964 the yield on the Canadian bond declined by 10 base points to 5.06 per cent. Over the three-year period the yield differential varied between 127 base points in August 1963 and 88 in January 1965. It should be noted, however, that the comparison of yields between central government issues may not be the one most appropriate for analysis of international security transactions. Markets for these instruments appear at times to have reflected special local domestic monetary and fiscal situations. It is not improbable that an investor may give to the securities of his own central government a specially preferred position, and may equate the securities of a foreign central government in his portfolio with those of a high grade junior government or corporation. Special tax considerations in the United States add to the difficulty of comparisons.

STATEMENT 26. Yields on Representative Long-term Government Bonds, 1963 - 65

Last Wednesday	Canada ¹	United States ²	Differential
	per cent		
1962 - December	5.07	3.84	1.23
1963 - March	5.07	3.88	1.19
June	4.91	3.99	.92
September	5.08	3.99	1.09
December	5.16	4.19	.97
1964 - March	5.25	4.25	1.00
June	5.20	4.10	1.10
September	5.21	4.16	1.05
December	5.06	4.16	.90
1965 - March	5.11	4.13	.98
June	5.20	4.15	1.05
September	5.40	4.35	1.05
December	5.53	4.49	1.04

¹ 3¼% January 15/75-78.

² 3¼% June 15/78-83.

Retirements of Canadian securities in 1963 climbed to a record level of \$404 million, the largest amount recorded since the early post-war years when retirements were motivated by circumstances advantageous to refunding. In 1964 and 1965 retirements were somewhat lower at \$382 million. In keeping with the current trend towards increasing retirements of Canadian bonds, which is to a large extent a direct consequence of the massive volume

of new borrowing undertaken in the earlier post-war period, retirements of Canadian bonds held by non-residents rose appreciably to \$324 million in 1963 and 1964 and \$374 million in 1965. The purchase of private utility companies by provincial authorities considerably augmented retirements in 1963 and 1964 and accounted for the major proportion of equity retirements of \$80 million in 1963 and \$58 million in 1964.

Transactions in Foreign Securities⁴

Apart from a small net inflow of \$22 million in 1963, the pattern of annual purchase balances, which has been a feature of Canada's international transactions in foreign securities since 1959, continued unbroken to 1965. In 1964 and 1965 there were exceptionally large outflows of \$52 million and \$84 million respectively, the bulk of which went to the United States. There were also small outflows in both years to the United Kingdom and other countries. A modest sales balance with United States residents in 1963 was slightly reduced by purchase balances with residents of the United Kingdom and other foreign countries. The 1963 sales balance was chiefly explained by a shift in the direction of trading in outstanding issues. The net inflow of \$40 million, which was evenly distributed between bonds and stocks, compared with outflows of \$65 million in 1962 and of \$31 million and \$53 million in 1964 and 1965. The 1965 outflow which was almost entirely attributable to dealings in United States securities included a substantially increased outflow of \$72 million for the net purchase of stocks and a net inflow of \$19 million from the sale of bonds.

In 1963 Canadian residents purchased \$39 million of new foreign issues, mainly of United States and Israeli bonds, and in 1965, \$56 million of new issues, or nearly twice the 1964 amount of

\$31 million. Purchases of new United States securities in 1965 rose sharply to \$27 million while a new offering of a Canadian dollar issue by an international institution accounted for most of the unusually large outflow of \$29 million recorded for other foreign countries. The retirement of a Canadian dollar issue of the same international institution constituted a major part of an exceptionally large inflow of \$25 million which resulted from retirements of Canadian held foreign securities in 1965. The unusually large inflow of \$21 million in 1963 chiefly involved the retirement of United States issues.

The attractiveness of investment in foreign securities to Canadian investors is determined by many long-term considerations. The relative economic conditions and expectations in Canada and abroad; the limited opportunity in some industries for investment in publicly-owned Canadian companies and the possibility of indirect investment in wholly-owned Canadian subsidiaries through ownership of shares of the foreign parent companies; exchange rate considerations; the increasing difficulty of large Canadian institutional investors to trade on a relatively small market without affecting prices significantly; and the decrease in certain types of public utilities securities available for investment are among the influences which have been felt in recent years. Recent years have also seen increased portfolio investment abroad by some Canadian investment managers and the creation of some mutual funds for such investment.

⁴ See Table 10.

STATEMENT 27. Portfolio Transactions in Foreign Securities between Canada and Other Countries, 1963 - 65

Country and type of security	Trade in outstanding issues			New issues			Retirements			Total		
	1963	1964	1965	1963	1964	1965	1963	1964	1965	1963	1964	1965
	millions of dollars											
United States	+42	-26	-51	-34	-20	-27	+17	+ 5	+ 6	+25	-41	-72
United Kingdom	- 2	- 8	- 1	-	-	-	-	-	-	- 2	- 8	- 1
Other countries	-	+ 3	- 1	- 5	-11	-29	+ 4	+ 5	+19	- 1	- 3	-11
Totals	+40	-31	-53	-39	-31	-56	+21	+10	+25	+22	-52	-84
Bonds and debentures	+20	- 9	+19	-37	-19	-36	+21	+10	+25	+ 4	-18	+ 8
Common and preference stocks	+20	-22	-72	- 2	-12	-20	-	-	-	+18	-34	-92

United States "Income Accumulating Funds"

The organization in 1954 and the years following of a group of rather special Canadian diversified management investment companies introduced a new and important factor into trade in outstanding securities between Canada and the United States. The special character of these international investment media was substantially eliminated by the end of 1964. Data covering 1954 to 1965 which follow,

bring together some of their more pertinent and interesting operations during this period.

These new open-end funds made their first appearance in mid-1954 and by the end of that year seven were in existence. They were incorporated in Canada and through rulings obtained under United States legislation were able to offer important tax advantages to United States investors. Although

the arrangements were technical and complex, in broad outline the companies were liable to relatively low tax rates in Canada either as non-resident-owned investment corporations or as other corporations whose income was largely exempt from Canadian corporation tax. They complied with certain organizational requirements established under new administrative arrangements by the United States authorities, and were authorized to offer their shares in the United States market. The funds paid no dividends and under United States tax legislation increases in the value on redemption of shares held by United States residents attracted tax rates applicable to capital gains rather than the higher rates generally applicable to income. The funds thus provided particular attraction for United States investors subject to relatively high rates of personal taxation who sought a medium for long-term capital appreciation and wished to participate under professional management in the then booming Canadian market in equities.

The essential purpose of the funds was to provide an attractive medium for United States portfolio investment in Canada, and although technically they were Canadian corporations controlled by residents of the United States, throughout the period they have been treated in Canadian balance of payments statistics as representing United States portfolio investors. Their transactions in Canada are therefore embraced within statistics of international trading of Canadian securities. From the beginning the funds were also significant investors in equities in countries other than the United States and Canada. These transactions occurred for the most part outside Canada and are consequently not reflected in the Canadian statistics.

By 1959 there were ten funds of this character in existence and it is understood that they had some 130,000 shareholders in the United States, in many ways a surprisingly large number in view of their rather special objectives and features. Mid-1959 marked the peak of these institutions. It is estimated that by that time their net assets reached \$404 million, comprising \$353 million of Canadian equities, \$6 million of Canadian long-term bonds, \$35 million of non-Canadian securities and \$10 million of other net assets. These holdings originated from shareholders' subscriptions aggregating \$311 million together with about \$35 million of net income which had been retained and about \$58 million of capital appreciation, realized and unrealized. A large part of the capital was subscribed during 1954 when the institutions first came on the scene. In each of the years from 1955 to 1957 further net sales by the funds of their own shares raised sums ranging between \$60 and \$68 million. Following sharp market declines in the latter part of 1957 sales of new shares barely kept pace with redemptions and by the first half of 1959 there were net withdrawals of capital from the companies.

During their first five years of life the funds are estimated to have purchased \$268 million of Canadian equities, their net acquisition having reached a

peak of \$78 million in 1956. Market observers attributed considerable importance to these operations in their explanations of the sharp rises in Canadian equities which occurred from time to time during the period, and substantial purchases which occurred in the latter part of 1957 when Canadian prices were falling, must have played a moderating role. It is of some interest to note that on the basis of the overall movement of Canadian equities between Canada and the United States it would appear that in 1954 and 1955 the funds as a group were somewhat more important than all other United States investors. In 1956 virtually all of the net movement can be attributed to the funds and in 1957 there was a substantial offsetting movement when the funds purchased on balance \$78 million of Canadian equities and other United States investors appeared to have disposed of \$68 million. As the growth of the funds tended to moderate in 1958, other United States investors became on balance the more important source of this type of capital inflow, with the funds accounting for about \$13 million of the net purchases of \$70 million by all United States investors in that year. By early 1959 the funds had become net sellers of Canadian equities although other United States investors continued to be very large buyers.

After mid-1959 the funds tended to contract. Investors disposed of shares in the funds throughout the period during which they continued to provide a special tax advantage. By the end of 1962 the net capital subscribed had been reduced to \$151 million and the market value of the net assets of the funds had fallen to \$256 million. The impact on the Canadian balance of payments was somewhat larger than these figures might imply because the funds increased their holdings of equities outside the United States and Canada while at the same time they reduced sharply their holdings of Canadian equities. The market value of their holdings of non-Canadian securities rose from \$35 million in mid-1959 to \$52 million at the end of 1962. In the same period the market value of Canadian securities held by the funds fell from \$359 million to \$175 million. This decline reflected the net sale by the funds of some \$164 million of Canadian securities.

Amendments during 1962 to the United States tax legislation had the effect of substantially eliminating the special tax position enjoyed by United States shareholders of the funds. The interest equalization tax proposed in mid-1963 introduced a further factor inhibiting their operations. In the succeeding months five of the funds chose to shift their domicile to the United States. This was accomplished by exchanges of shares and the subsequent liquidation of the original Canadian corporations. Two of the funds merged, and by the end of 1964 only four of the ten remained. Responding to the United States tax changes these funds soon commenced the payment of dividends to their shareholders and it could be said that at this stage the funds had in effect lost all of the special features which originally characterized them.

STATEMENT 28. Net Purchases of Canadian Stocks by United States "Income Accumulating Funds" and All Other United States Residents, 1954 - 65

Period	United States "Income Accumulating Funds"	Other United States residents	Total, United States residents
millions of Canadian dollars			
1954 - January - December	44	43	87
1955 - January - December	57	34	91
1956 - January - June	41	7	48
July - December	28	- 8	20
1957 - January - June	46	- 47	- 1
July - December	32	- 21	11
1958 - January - June	10	9	19
July - December	3	48	51
1959 - January - June	- 5	60	55
July - December	-12	32	20
1960 - January - June	-20	49	29
July - December	1	26	27
1961 - January - June	-53	120	67
July - December	-18	73	55
1962 - January - June	-27	39	12
July - December	-32	9	- 23
1963 - January - June	-28	- 32	- 60
July - December	-23	- 16	- 39
1964 - January - June	3	- 34	- 31
July - December	1	- 22	- 21
1965 - January - June	- 3	-112	-115
July - December	- 3	- 65	- 68

During the transition period 1963 and 1964, there continued to be on balance capital withdrawals from the funds amounting to \$37 million overall, although this development was arrested in mid-1964 and in the latter part of that year there was some growth in the net capital subscribed. Changes of domicile involved the transfer of \$155 million of assets including \$92 million of Canadian securities. These factors were principally responsible for the decline of \$174 million in the overall net assets of the funds to \$82 million. During 1963, the funds

continued to be large sellers of Canadian stocks accounting for more than half of the net sales by all United States residents. In 1964 they were small net purchasers although other residents of the United States continued to be substantial sellers. The overall net assets of the funds continued to decline during 1965 although at a considerably reduced rate. By the year's end, it is estimated that they had fallen to \$71 million. There were further net capital withdrawals during 1965, but the amounts involved (an estimated \$10 million) were only small.

STATEMENT 29. Selected Data relating to Canadian-based United States "Income Accumulating Funds", 1954 - 65

Item	1954	1955	1956	1957	1958	1959
millions of Canadian dollars						
Year-end market value of net assets						
Canadian bonds and debentures	14	4	10	6	7	12
Canadian stocks	90	167	245	255	346	319
Sub-totals, long-term Canadian securities	104	171	255	261	353	331
Foreign securities	11	20	26	26	32	43
Other assets, net	15	31	17	14	10	10
Totals	130	222	298	301	395	384
Change	130	92	76	3	94	-11
Source of change						
Capital paid in - Cash, net	101	68	60	62	7	-10
Canadian securities	21	-	-	-	-	-
Transfers of domicile - Canadian securities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Net income retained	1	4	7	9	9	9
Sub-totals	123	72	67	71	16	- 1
Capital appreciation, net ¹	7	20	9	-68	78	-10
Totals	130	92	76	3	94	-11
Estimated net purchases of Canadian stocks	44	57	69	78	13	-17

See footnotes on page 47.

**STATEMENT 29. Selected Data relating to Canadian-based United States
"Income Accumulating Funds", 1954-65 - Concluded**

Item	1960	1961	1962	1963	1964	1965
millions of Canadian dollars						
Year-end market value of net assets						
Canadian bonds and debentures	8	6	3	1	-	-
Canadian stocks	267	269	172	123	44	37
Sub-totals, long-term Canadian securities	275	275	175	124	44	37
Foreign securities	48	50	52	84	33	29
Other assets, net	6	14	29	13	5	5
Totals	329	339	256	221	82	71
Change	-55	10	-83	-35	-139	-11
Source of change						
Capital paid in - Cash, net	-31	-71	-56	-35	- 2	-10
Canadian securities	-	-	-	-	-	-
Transfers of domicile - Canadian securities	-	-	-	- 4	- 88	-
Other assets	-	-	-	- 6	- 57	-
Net income retained	9	8	7	2	-	-
Sub-totals	-22	-63	-49	-43	-147	-10
Capital appreciation, net ¹	-33	73	-34	8	8	- 1
Totals	-55	10	-83	-35	-139	-11
Estimated net purchases of Canadian stocks	-19	-71	-59	-51	4	- 6

¹ Realized and unrealized appreciation less distribution.

Note: These estimates are based in part on balance sheet data which do not correspond precisely with calendar periods.

Long-term Investment Abroad by the Government of Canada

Canadian government assistance abroad takes a variety of forms including official contributions, payments of the regular and special assessments to international agencies of which Canada is a member, loans to national governments, capital subscriptions to international investment agencies, and export credits provided by the government or guaranteed by it. Only the transactions which give rise to claims on non-residents are reflected in the capital account of the balance of payments while the contributions and assessments are among Canada's current payments. Another type of long-term investment abroad by the Government of Canada which appeared for the first time in 1964 was a substantial investment in medium-term non-marketable United States Government securities representing employment of part of the proceeds of receipts under the Columbia River Treaty.

Loans made by the Government of Canada to other national governments amounted to \$10 million in 1963, \$2 million in 1964 and \$1 million in 1965. These outlays were all to sterling area countries. Those in the two earlier years represented advances made to India in connection with the purchase of aircraft while the advances in 1965, which were extended mainly in the fourth quarter, were practically all under the new development or "soft" loan program which complements the existing structure of Canada's foreign aid program. These are loans administered by the External Aid Office and can be for a period as long as 50 years. Normally there are 10 years of grace before the first repayment becomes due and no interest is payable except for an annual

"service charge" of 0.75 per cent. Soft loans must be spent on Canadian goods and services and are designed to help finance projects for which commercial financing is unavailable. The program was initiated in November 1964 but no amounts were disbursed until 1965. Total commitments earmarked for specific projects under this development loan program up to the end of 1965 amounted to almost \$100 million—about 95 per cent to Commonwealth countries with the remainder going to Latin American countries. In general, loans to Commonwealth countries have been negotiated directly on an intergovernmental basis while those to Latin America are handled through the Inter-American Development Bank.

Repayments to Canada on inter-governmental loans made in earlier years totalled \$25 million in 1963 and \$10 million in each of the years 1964 and 1965. These amounts were very much smaller than those which had occurred for some years previously; it will be recalled that in 1962 repayments aggregated \$129 million which included accelerated repayments of principal amounting to \$91 million from several countries which served to ease Canada's international financial position at that time. The accelerated repayments made in 1962 have had a long-term effect of reducing prematurely inflows of capital from this source.

The major repayments in 1963 were received from the United Kingdom with other amounts coming from India, Belgium and Ceylon. The 1964 and 1965 totals were down sharply from 1963 mainly because the United Kingdom availed itself of the waiver provisions applicable to the Canadian loan of 1946

and as a result there were no receipts comparable to the repayment of \$18 million received in 1963. Most of the repayments in 1964 and 1965 were from India and Belgium.

Among other movements of official capital in long-term forms were subscriptions paid by Canada to the International Development Association amounting to \$8 million in each of the years 1963 and 1964, and to \$13 million in 1965. This institution was established to assist in economic development in developing countries whose ability to make good use of capital exceeds their capacity to service loans extended on conventional terms. By the end of 1965 Canada had paid into the Association about \$54 million. Not all of these funds had been used by the Association and there were some offsetting liabilities to it mainly included in the item for Government of Canada demand liabilities.

By the end of 1965 the outstanding balance on the loans of nearly \$2,500 million extended by Canada since the beginning of World War II amounted to \$1,360 million, including \$83 million deferred interest on the 1946 loan to the United Kingdom. The amount outstanding on that loan was \$1,161 million and a further \$199 million was outstanding from other overseas countries on post-war loans made under Part II of the Export Credits Insurance Act, special wheat, flour and aircraft loans, etc. and from the United Nations. There was in addition \$32 million owing to Canada on intergovernmental loans extended following World War I. At the end of 1965 payments were overdue on the inter-governmental loans made in the interwar years and on the post-war loans to China. These inactive loans amounted to \$80 million out of the total of \$1,392 million outstanding.

Reference has already been made to the investment by the Government of Canada in medium-term

non-marketable United States Government securities arising out of transactions related to the Columbia River Treaty. These complex transactions are described in a later section.

Apart from these inter-governmental loans there were large net outflows of capital from Canada arising from loans and advances under government programs related to the financing of Canadian exports—including both agricultural produce, especially to the Sino-Soviet bloc, and a wide range of capital equipment to developing countries, particularly those in Latin America and the Commonwealth.

Net long-term export credits extended by Canada directly or indirectly under guarantee or at risk of the Government of Canada, as measured for balance of payments purposes, amounted to \$63 million, \$72 million, \$164 million and \$187 million successively through the years from 1962 to 1965. While long-term under balance of payments conventions, i.e. extending for a period of more than one year, significant parts of these credits would, in commercial parlance, be regarded as medium-term.

The series which appear in Statement 30 cover all the long-term credits extended from Canada directly or indirectly at risk of the Government of Canada. Included therefore, are amounts receivable in Canada under the normal export insurance program authorized by Section 14 of the Export Credits Insurance Act, as well as receivables coming under Sections 21 and 21A which provide respectively for insurance of large amounts at risk of the Consolidated Revenue Fund and for long-term financing of export sales and related engineering and technical services. Other amounts which are included in the series cover exports on credit terms by other crown agencies and departments.

STATEMENT 30. Export Credits Extended from Canada Directly or Indirectly at Risk of the Government of Canada, 1962-65

Item	Yearly total	Quarter				Commodity		Geographical distribution				
		I	II	III	IV	Wheat ¹	Other	United States	Sterling area ²	Other OECD Europe	Other countries	
millions of dollars												
Credits extended	1962	80	32	11	11	26	9	71	37	4	—	39
	1963	107	3	21	46	37	60	47	—	5	—	102
	1964	321	38	75	123	85	251	70	—	19	—	302
	1965	252	59	74	76	43	175	77	22	19	4	207
Credits repaid	1962	17	1	8	2	6	7	10	4	—	1	12
	1963	35	4	11	9	11	22	13	7	1	1	26
	1964	157	7	23	77	50	136	21	9	2	—	146
	1965	65	17	13	22	13	22	43	22	2	—	41
Net credits extended	1962	63	31	3	9	20	2	61	33	4	-1	27
	1963	72	- 1	10	37	26	38	34	- 7	4	-1	76
	1964	164	31	52	46	35	115	49	- 9	17	—	156
	1965	187	42	61	54	30	153	34	—	17	4	166
Credit outstanding, end of 1965		592	...	...	...	...	360	232	45	42	4	501

¹ Includes associated flour contracts.

² United Kingdom nil.

Note: Credits extended represent an outflow of capital from Canada or a debit in the Capital account.

The details appearing in the statement show that credits extended under these facilities have reached very large totals. Credit in connection with the sale of wheat to countries of the Sino-Soviet bloc has formed an important part of the total. In general, terms of this financing tend to be reasonably short, ranging between 18 and 36 months. From time to time the series have been affected by the irregular nature of repayments when some of the importing countries have chosen to prepay in advance of the due date substantial portions of their indebtedness.

At the end of 1965, the total amount outstanding on account of export credits extended from Canada directly or indirectly at risk of the Government of

Canada was placed at \$592 million, of which \$360 million related to wheat and assorted flour contracts. Further small amounts had been re-discounted abroad and had therefore involved no capital export from Canada although a contingent liability existed in respect of them.

The financing for these credits comes from a variety of sources. Substantial amounts of the long-term credits provided under Section 21A have been sold to the Export Finance Corporation of Canada, Ltd. and the net financing provided by crown agencies and departments was \$270 million. The remaining \$322 million was provided by the private sector.

About the figures -

**CAPITAL MOVEMENTS IN LONG-TERM FORMS BETWEEN CANADA AND THE UNITED STATES
AS MEASURED IN THE TWO COUNTRIES**

Persons making use of balance of payments statistics compiled in Canada and in the United States frequently seek some explanation for apparent differences. In general the concepts used in measuring long-term capital movements in the statistics of the two countries are quite similar. In the notes which follow a brief description is given of some of the variations in treatment of specific types of transactions, and a few comments are made on the methods of collecting the statistics.

1. Direct Investment

The basic definitions of direct investment in the two countries are similar but the United States statistics show a higher level of direct investment in Canada than do the Canadian statistics. In general the United States statistics are intended to cover all investment by United States residents in controlled companies, while the Canadian statistics cover only transactions of a long-term character with principal owners. Listed below are some of the more important factors contributing to the differences in the two sets of statistics.

- (a) The sale of new issues of securities of United States-controlled companies in Canada to unrelated United States residents are considered in the United States statistics as direct investment, but in the Canadian statistics as new security issues. A similar difference occurs in the case of retirements.
- (b) In the United States statistics, receivables, payables, and other short-term items between United States-controlled companies in Canada and their parent companies are included in direct investment. In the Canadian series they are included in direct investment only if they are likely to remain outstanding for more than one year; otherwise they are included with short-term capital.
- (c) There are undoubtedly some instances in which the character of ownership of specific companies (for example, whether or not they are non-resident controlled) is regarded differently in the balance of payments presentations of the two countries. In addition there are probably some differences in treatment in practice of transactions relating to secondary foreign organizations, such as overseas subsidiaries of Canadian subsidiaries of United States corporations.
- (d) In the Canadian statistics transfers of capital in connection with the operations of United States-controlled insurance and finance companies usually appear in "other long-term capital movements" or

in some instances in short-term capital movements. In the United States statistics such transfers are usually included with direct investment.

- (e) In both countries the usual treatment of profits and losses of unincorporated Canadian branches of United States companies is to show an increase or reduction in the value of the direct investment in the Canadian branches, and an increase or reduction in investment income. In the case of profits and losses on branch operations of United States petroleum companies, however, the treatment is different. In the United States statistics these are treated like any other branch operations. In the Canadian statistics, on the other hand, profit and loss entries were not permitted to affect the figures until the individual companies reached an accumulated profit position. (This treatment was based on the view that the losses arose largely from write-offs for tax considerations in the United States.)

2. Security Transactions

Again the basic concepts employed in the two countries are similar but the treatments of some specific types of transactions are different. The problem of drawing the line between direct investment and new issues of securities has been mentioned above.

In Canada, information on new issues of Canadian securities sold to non-residents and payable in Canadian dollars as well as those payable in United States dollars is obtained on a current basis from investment dealers, chartered banks, various other confidential and public sources, and on a less frequent basis from insurance companies, published portfolios, and ultimately from many debtors. Information on trade in outstanding securities is obtained on a monthly basis from investment dealers (including foreign investment houses operating in Canada), chartered banks, members of the stock exchanges, and some investment funds and institutions. Estimates of retirements of non-resident holdings of Canadian securities are based on information available on the geographical distribution at the time of the original sale of each security adjusted by an estimate of trade in the outstanding issue during its lifetime. The Canadian statistics may miss some private sales of securities which are placed directly with United States investors by Canadian borrowers without the services of investment dealers operating in Canada. The Canadian statistics pick up only some of the transactions in outstanding securities which are handled for Canadian residents by United States dealers not operating in Canada.

The United States Treasury collects information from United States banks, brokers and dealers on purchases and sales of long-term securities by foreigners. These reports cover transactions in outstanding issues, new issues and redemptions. Data on new issues of securities are estimated independently from information obtained from the Securities Exchange Commission and from the market. Estimates of United States resident holdings of retiring foreign securities are based on the distribution of securities at time of issue. Trade in outstanding securities is a residual series obtained by deducting new issues and retirements from total purchases and sales and making some further adjustments for official transactions shown elsewhere. There may be some difficulty in identifying purchases by United States residents of new issues of Canadian-pay securities; such purchases therefore may be included with trade in outstanding issues. There seems to be one fairly important omission in the United States coverage of securities transactions: no information is received on the sales and purchases of securities handled directly by Canadian brokers and dealers for United States residents. On balance, it could probably be concluded that the Canadian statistics in this area are more complete than the United States statistics.

The Canadian statistics are published in considerable detail. A breakdown is given of transactions in Government of Canada direct and guaranteed securities, provincial, municipal, railway and other Canadian bonds and stocks, United States bonds and stocks, United Kingdom bonds and stocks, and other foreign bonds and stocks. The United States authorities collect data on trade in securities under five headings: United States Government bonds and notes, United States corporate and other stocks, foreign bonds, and foreign stocks. From these statistics it is not possible to segregate trade with Canadian residents in Canadian bonds and stocks from total trade with Canadian residents in all non-United States bonds and stocks.

There are two major types of security transactions which are treated differently in the two sets of statistics:

(a) In the Canadian statistics foreign branches and agencies of Canadian life insurance companies are treated as non-residents, and Canadian branches and agencies of foreign life insurance companies are treated as residents. In the United States statistics the definitions of residents and non-residents are understood to be comparable, but in practice it is very difficult to identify security transactions of United States' branches of Canadian life insurance companies. As a consequence the transactions of these branches may be included with those of their

Canadian home offices and treated as trade with non-residents. There would be no comparable entry in the Canadian statistics.

(b) There is also a difference in the treatment of some Canadian incorporated investment funds which have been set up by United States interests to purchase Canadian and other foreign securities. In the Canadian statistics these funds are treated as residents of the United States. When they issue or redeem shares there is no entry in the Canadian balance of payments, but when they purchase Canadian securities in Canada the transactions are recorded as non-resident purchases of securities. In the United States statistics, on the other hand, these funds are treated as residents of Canada. When they issue shares to United States residents this transaction is included with sales of securities by foreigners, but when the fund then buys Canadian securities no entry is made in the United States balance of payments statistics. If a fund deals only in Canadian securities the difference in the statistical treatment in the two countries would be mainly one of timing, apart from the inclusion in the Canadian statistics of purchases of securities financed through the retention of investment income and capital profits. If a fund sells some of its Canadian security holdings to Canadian residents and buys European securities from European residents the Canadian statistics would show a capital outflow while the United States statistics would record no capital movement.

3. Other Long-term Capital Movements

Under this heading the Canadian statistics include such items as long-term bank loans, mortgage loans, stretch-out payments under uranium contracts, and transfers of funds by insurance companies. It is understood that transfers of funds by insurance companies are treated as direct investment in the United States statistics.

4. Summary

If transactions in long-term capital are considered in total, in order to get around the problems of drawing lines between direct and portfolio investment, direct investment and "other long-term capital", and within portfolio investment between new issues and trade in outstanding securities, there sometimes remain significant differences between the Canadian and United States statistics. The most important factors appear to be more comprehensive coverage of securities transactions in the Canadian data and the Canadian treatment as short-term of substantial flows recorded as long-term under the concepts used in the United States.

The Columbia River Treaty

Studies and negotiations between Canada and the United States in connection with the development of the hydro-electric power potential of the Columbia River extended over a period of twenty years. The Columbia River Treaty and Protocol signed by the two countries in 1964 embodied a unique and complex set of arrangements for the development of these waters, of which only the bare highlights can be given in these paragraphs. For further details the reader is referred to "The Columbia River Treaty and Protocol - A Presentation", which was issued in April 1964 by the Departments of External Affairs and of Northern Affairs and Natural Resources. (This publication is available from the Queen's Printer, Ottawa, Price \$3.00, Catalogue No. E2-4564.) Special financial arrangements agreed between Canada and the United States in connection with the project were described

by the Minister of Finance in some detail in the House of Commons on July 10, 1964.

Under the arrangements British Columbia undertook to build, within a nine-year period, storage projects in the Columbia River basin in Canada. These facilities will control a very large amount of water, part of which will be committed to produce power benefits downstream in the United States, which will be shared equally between the two countries as well as substantial benefits in and for Canada itself. Some of this storage will also be operated to provide flood control; and payments will be made to Canada for flood damage prevented in the United States. Canada sold its share of the first thirty years' production of downstream benefits in return for a lump sum payment on September 16, 1964 in the amount of \$253,929,534 in United States

funds. Flood control payments to be made to Canada by the United States in the years 1968, 1969 and 1973 aggregate a further \$64.4 million in United States funds.

Funds necessary for the purchase of downstream benefits were raised in the United States by the Columbia Storage Power Exchange, a non-profit organization of the power producers and users concerned, and paid to the Government of Canada in United States funds. The Government of Canada then paid equivalent Canadian funds to the Government of British Columbia, apart from some funds which British Columbia elected to receive in United States dollars in order to redeem outstanding debt. The United States funds remaining in the hands of the Minister of Finance were invested in medium-term non-marketable securities of the United States Government. As these securities mature it is expected that their proceeds will be taken into the Exchange Fund Account and employed in short-term United States Government securities in the normal way. The effect of the arrangement is to even out

the flow of funds into Canada's holdings in the Exchange Fund Account, and to spread the impact of the transfer of so large a sum of money on the United States balance of payments over a longer period. The non-marketable securities acquired under the arrangement do not form a part of Canada's official holdings of foreign exchange. The Minister of Finance indicated however, that while there was no formal agreement, on the basis of discussions with the United States Treasury, he was confident that should need arise arrangements could be made to translate the securities into marketable securities.

As shown in Statement 31 all but \$50,000,000 of the receipt of \$253,929,534 in United States funds was invested in securities maturing from 1965 to 1971 inclusive. The remaining amount of \$50,000,000 was in effect made available in United States funds to the Province of British Columbia. Canadian dollar equivalents of this amount and of the subsequent maturities of the securities acquired appear in item D11 as net receipts under the Columbia River Treaty arrangements.

STATEMENT 31. Columbia River Treaty Funds

Transactions	III Q 1964	IV Q 1965	Official holdings of medium term non-marketable United States Government securities n.i.e. December 30, 1965		
			Percentage	Maturity	Millions of United States dollars
	millions of Canadian dollars				
Receipts under Treaty	+274	—	4½	Nov. 1, 1966	30.0
			4¼	Nov. 1, 1967	30.0
			4¼	Nov. 1, 1968	30.0
			4¼	Nov. 1, 1969	30.0
Change in official holdings of medium-term non- marketable United States Government securi- ties n.i.e. (increase, -)	-220	+32	4¼	Nov. 1, 1970	30.0
			4¼	Nov. 1, 1971	23.9
Net capital movement recorded in item D11	+ 54	+32		Total	173.9

Capital Movements in Short-term Forms

A net inflow of \$30 million was recorded in 1963 from all capital movements in short-term forms, followed by an approximately equal net outflow of \$33 million, in 1964. These relatively small annual totals were produced by large, but roughly comparable, quarterly movements in both directions. In 1965 the quarterly movements were mostly in the same direction and resulted in a record annual short-term net capital inflow of \$527 million.

The volatility of short-term capital movements between Canada and other countries is also apparent from their geographical distribution, especially in 1964 and 1965. In 1963 net outflows of \$14 million to the United States and \$16 million to the United Kingdom were overshadowed by a \$60 million net

inflow from other countries. (The geographical distribution of these flows in 1963 is however affected, as noted elsewhere in this report, by the misallocation to the United States of certain movements with other countries.) The following year short-term transactions with the United States produced an inflow of \$626 million, while there was a net outflow to the United Kingdom of \$631 million, augmented by a \$28 million outflow to other countries. In 1965 the balance of short-term transactions with the United States was again reversed and resulted in a net outflow of \$508 million. There was an even larger swing of \$1,180 million in transactions with the United Kingdom to produce a net inflow of \$549 million while transactions with other countries also led to an exceptionally large net inflow of \$486 million.

STATEMENT 32. Short-term Capital Flows, by Area, 1963-65

Item	All countries			United States			United Kingdom			Other countries		
	1963	1964	1965	1963	1964	1965	1963	1964	1965	1963	1964	1965
	millions of dollars											
D 14	17	12	45	7	16	10	-	- 10	15	10	6	20
D 17	13	-45	482	-21	610	-518	-16	-621	534	50	-34	466
Totals	30	-33	527	-14	626	-508	-16	-631	549	60	-28	486

In each of the three years under review non-residents increased their total holdings of Canadian dollars and, in particular, their holdings of Canadian dollar deposits which aggregated about \$570 million by the end of 1965. Residents of the United States, the United Kingdom and other countries held some \$350 million, \$70 million and \$150 million, respectively. Government of Canada demand liabilities payable to non-residents increased by \$1 million in 1963 and \$2 million in 1965 to total somewhat more than \$28 million, mainly in the form of interest-free demand notes issued to international investment agencies.

The participation by non-residents in the Canadian treasury bill market as shown in Statement 33 continued to decline throughout the period, for even though there were net sales to non-residents in 1965 for the first time since 1962, the volume of transactions was less than half the 1963 total. International investment agencies were the main non-resident investors in these instruments while other holders appeared to be small and scattered.

As shown by the accompanying bar chart the holdings by non-residents of Canadian short-term money market instruments throughout the period continued to be predominantly in Canadian finance company paper. The net inflow from the sale of these latter instruments was particularly large in the last quarter of 1963 and the first half of 1964

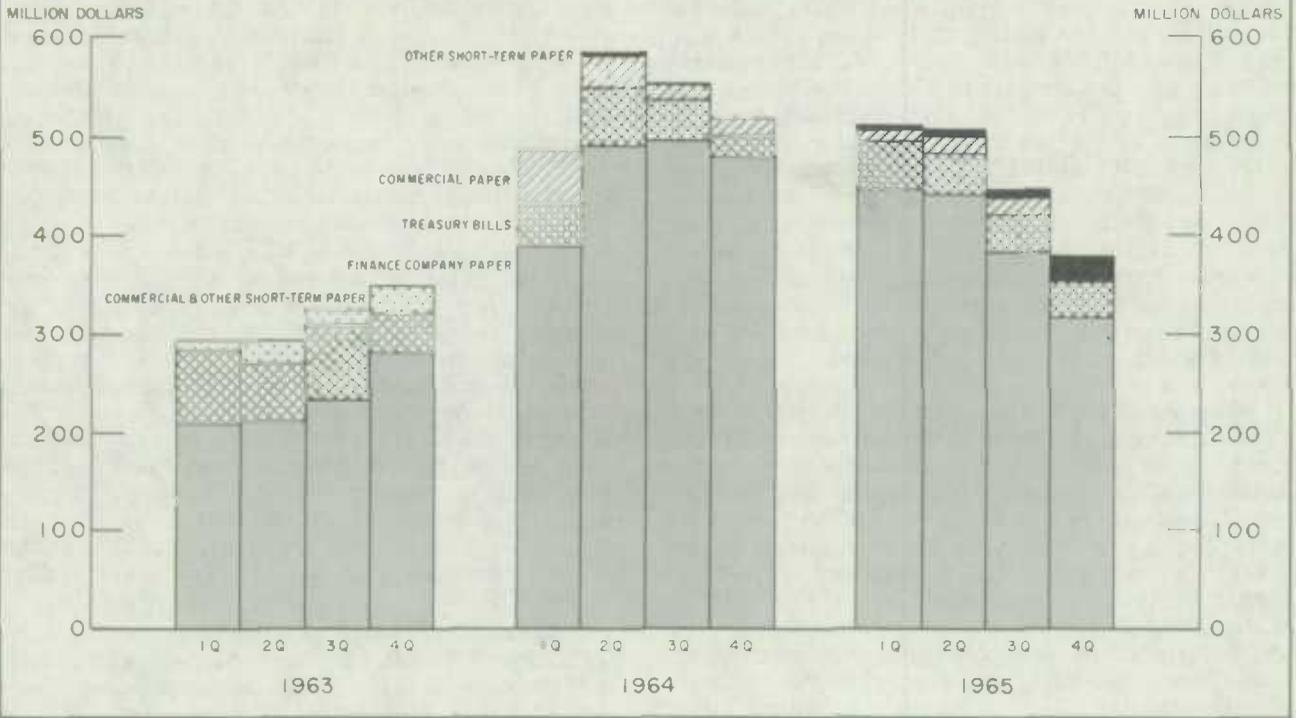
while there was a persistent decrease in United States holdings which began in the fourth quarter of 1964 and continued throughout 1965. In contrast residents of other foreign countries in the last three quarters of 1965 became significant holders of these instruments, accounting for one sixth of all non-resident holdings at the end of 1965. At December 1965 the \$316 million of non-resident holdings accounted for just over one third of the total short-term paper issued by Canadian finance companies. The \$478 million held at December 1964 represented over two fifths of the larger amount outstanding at that time.

Transactions in other finance company obligations of a short-term nature (which include borrowings from foreign banks and advances from parent companies) led, on balance, to inflows of \$35 million, \$52 million and \$209 million in 1963, 1964 and 1965, respectively. An important factor in the considerably increased inflow recorded in 1965 was the reorganization of the financial structure of a finance company following its acquisition in 1965 by new interests in the United States. In addition there are, of course, other finance company transactions not identified separately which are included with capital movements in long-term forms, notably in new issues and retirements of Canadian securities. All in all the international borrowing of these companies led to successive net inflows of about \$200 million, \$325 million and \$125 million in the three years under review.

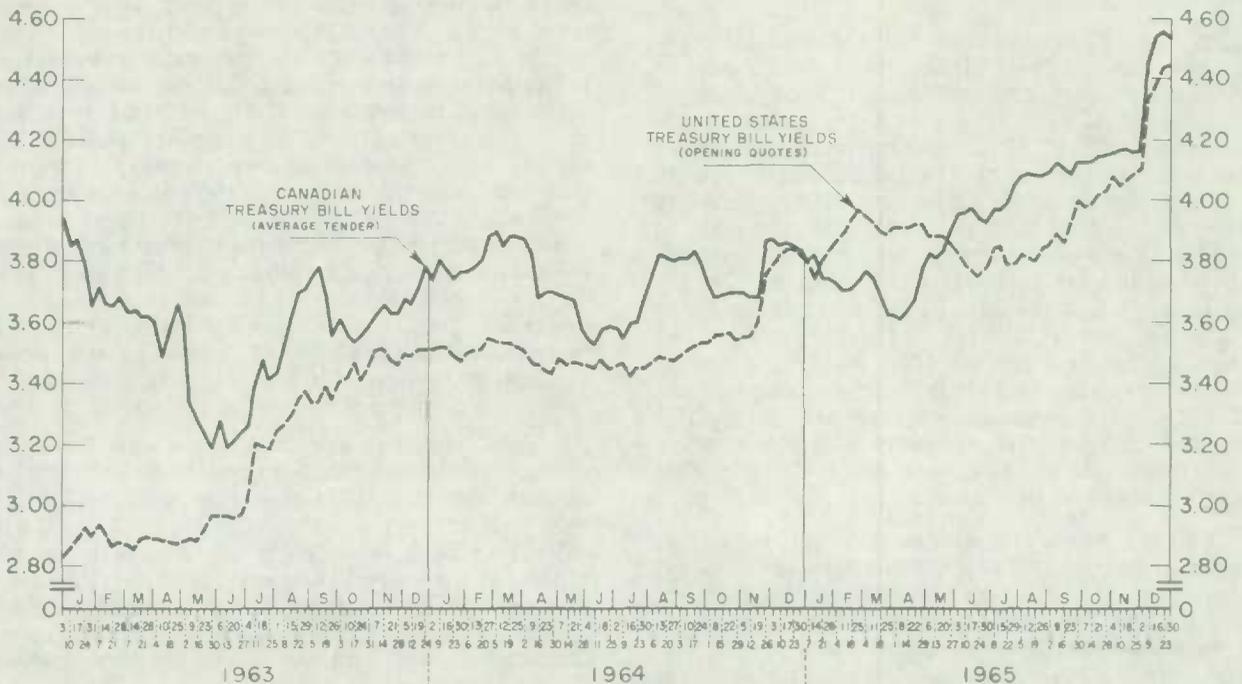
STATEMENT 33. Transactions in Canadian Treasury Bills between Canada and All Countries, 1963-65

Quarter	Sales			Repurchases and maturities			Net change in holdings			Holdings by non-residents at end of period		
	1963	1964	1965	1963	1964	1965	1963	1964	1965	1964	1964	1965
	millions of dollars											
I	72	52	55	63	48	28	9	4	27	75	43	50
II	61	63	33	78	49	43	-17	14	-10	58	57	40
III	112	58	47	94	74	49	18	-16	- 2	76	41	38
IV	67	36	18	104	54	21	-37	-18	- 3	39	23	35
Year	312	209	153	339	225	141	-27	-16	12	39	23	35

TOTAL NON-RESIDENT HOLDINGS OF CANADIAN SHORT-TERM MONEY MARKET INSTRUMENTS, 1963-65



YIELDS OF CANADIAN AND UNITED STATES THREE MONTH TREASURY BILLS, WEEKLY, 1963-65



International transactions in Canadian commercial paper (including bankers' acceptances) and other short-term paper (including notes of banks, mortgage loan companies and municipal and provincial governments) in total led to net outflows of \$23 million and \$11 million in 1963 and 1964 and a net inflow of \$10 million in 1965. Total non-resident holdings declined abruptly to \$12 million at the end of the first quarter of 1963 then reached a peak of \$55 million at the end of the first quarter of 1964 and closed 1965 at \$27 million. The gross volume of international transactions in these instruments fell substantially throughout the three-year period, with the decline being concentrated in the paper of manufacturing and commercial enterprises as the volume of transactions in both provincial guaranteed paper and bankers' acceptances developed and expanded rapidly in the latter part of 1965.

The existence of short-term interest rate differentials between the major financial centres of the world is, of course, a primary factor influencing international flows of short-term capital. Instruments negotiated in the money market vary as to term, currency, credit risk, etc., so do the character, requirements and relationships of lenders and borrowers. When considering these capital flows a wide variety of interest differentials could be appropriate; treasury bill yields are one such gauge for which published data are readily available. However, as previously noted, the volume of international transactions in Canadian treasury bills especially between Canada and the United States has declined in importance in recent years so that while the trends shown in treasury bill yields probably apply generally to other interest rates, these rates are not necessarily those at which the bulk of short-term funds move.

In 1963 yields on three-month Canadian treasury bills were at their highest in the early part of the year as they continued their descent from the very high level of 5.51 per cent per annum established on July 19, 1962. Yields trended downward from 3.94 per cent at the beginning of the year to 3.19 per cent in early June then climbed again to close the year at 3.78 per cent. The variation in yields on the weekly tenders for Canadian treasury bills was smaller in 1964 with a high of 3.90 per cent in March to a low of 3.53 per cent in June rising to 3.82 per cent at the end of the year. Yields declined in the first part of 1965 reaching a low of 3.61 per cent in April then climbed more or less steadily to the beginning of December when they jumped significantly in sympathy with the increase in the bank rate to reach a high of 4.56 per cent towards the end of December.

United States short-term interest rates as measured by the yields on United States treasury bills were, at 2.83 per cent, considerably below those prevalent in Canada at the beginning of 1963. As indicated by the accompanying chart, the disparity between the yields was largely eliminated by the end of 1963 and with minor fluctuations the yield differentials remained relatively small until December 1965.

Yields on Canadian and United States treasury bills as quoted in their respective countries are not strictly comparable mainly because Canadian bills are quoted on a true yield basis while United States bills are quoted as a yield on the par value.⁵ If the yields are adjusted to the same quotation basis, the yield differential with forward exchange cover was some 50 basis points in favour of Canadian treasury bills at the beginning of 1963. The differential largely fluctuated in Canada's favour until June of 1965, when it was again some 50 basis points. A sharp swing then developed so that by September 1965 there was a covered yield differential in favour of United States treasury bills which rose to some 70 basis points by the end of the year. Protected interest rate differentials are theoretically the stimulus to movements of arbitrage capital which continues flowing until rising costs of exchange protection and falling yields eliminate any further inducement. In practice, however, when account is taken of the costs attendant on transactions and other factors, such differentials are often too narrow to motivate movements of arbitrage capital. At times investors choose to accept the risk of exchange rate fluctuation or may have requirements which do not involve repatriation of matured bills into domestic currency.

While yields on treasury bills provide some indication of what has been happening to short-term interest rates, the bulk of non-resident short-term funds are invested in other money market investments, particularly Canadian finance company paper. Yields on these instruments are, of course, normally above treasury bill yields. Events which had a particularly important effect on the availability and price of short-term funds moving into treasury bills, commercial and finance company paper, in the period under review, were measures taken by the United Kingdom authorities particularly in the autumn of 1964 to encourage non-residents to maintain their sterling balances, certain of the steps taken in the United States in February of 1965 to improve its balance of payments position, the default of a Canadian finance company in June of that year and the December 1965 rise in the bank rate both in Canada and abroad. In response to these and other factors interest rates paid by large finance companies for 3 to 6 month paper, which were about 4¼ per cent in January 1963 rose to 6 per cent in December 1965. Rates moved down to 3½ per cent in the early summer of 1963, edged up erratically to about 4¾ per cent in June of 1965 then jumped a further 1¼ percentage points by the end of the year.

Bank balances and other short-term funds held abroad by Canadian residents increased substantially in both 1963 and 1964 rising by \$258 million and \$528 million, respectively; with the decline of \$138 million in 1965 these holdings totalled about \$1.7 billion at the end of that year. A variety of factors influence these holdings. The current account balance and long-term capital movements, such as new Canadian issues sold abroad, would be significant

⁵ For an explanation of the difference see the Technical Note pp. 1253-4 of the United States "Federal Reserve Bulletin" of October 1964.

determinants of these balances when they are employed temporarily in this fashion. The changing domestic and international interest rate structure, the balance of payments difficulties of the United Kingdom and the United States and the measures taken to counter them would also have an important if not paramount influence throughout a large part of this period. The Royal Commission on Banking and Finance referred in its Report (page 138) to the substantial foreign currency deposit business of the Canadian banks with residents of Canada, and has described the technique which has been developed under which holders of Canadian dollars may in effect acquire short-term foreign currency investments through the banking system without incurring

exchange risk. Outflows for these "swapped" deposits were about \$10 million in 1963 and \$310 million in 1964. A reduction of these holdings in 1965 led to a net inflow of approximately \$170 million.

All other transactions in short-term forms produced net inflows of \$166 million, \$246 million and \$287 million in 1963, 1964 and 1965, respectively. This category reflects the change in net short-term banking and other loans to Canadian residents and accounts receivable and payable. In addition, it includes the balancing item representing the difference between direct measurements of the current and capital accounts.

About the figures -

BANK BALANCES AND OTHER SHORT-TERM FUNDS ABROAD¹
(excluding Official Reserves)

For convenience of description this item may be divided into two parts, (1) foreign currency deposits of residents of Canada whether with banks in Canada or abroad, together with their holdings of foreign treasury bills, etc., and (2) the spot positions or net holdings in foreign currencies of the head offices and branches in Canada of the Chartered Banks (which are exclusive of the cover for deposit liabilities in foreign currencies).

A considerable part of the first component is reflected on questionnaires collected from some thousands of Canadian corporations, but the schedules do not, of course, cover all the resident holders of foreign currency. A more comprehensive figure of the change may be derived through the use of aggregative banking statistics where these are available. Use is made of the deposit liabilities in foreign currencies payable to residents of Canada at head offices and branches in Canada of Canadian Chartered Banks together with estimates of additional foreign currency held by residents with institutions directly outside the country. Among the supplementary sources employed in the latter estimates are the data reported by United States banks to the Treasury Department of that country covering their short-term liabilities in United States dollars to residents of Canada other than banks and official institutions. There are included additionally in the series, minor working balances of the Bank of Canada and Government of Canada in currencies other than United States dollars and sterling.

With respect to the net holdings of foreign currencies by the head offices and branches in Canada of the Chartered Banks, it should perhaps be noted that Canada has an extensive international banking business. The special foreign character of this business tends effectively to keep much of it separate from the Canadian economy. To the extent that foreign currency deposits are obtained from non-residents and employed directly outside Canada, this foreign currency business gives rise to no net capital movements to or from Canada.

Canadian global balance of payments statistics historically have been designed to exclude matching foreign banking assets and liabilities denominated in foreign currencies, whether held in Canada or abroad, on the grounds that the business is by its nature largely "extra Canadian" and has only limited direct significance for the Canadian economy itself. (Foreign currency operations of the Canadian banking system are treated somewhat similarly in the principal series of banking statistics in Canada.)

The following explanation of the treatment in Canadian balance of payments statistics of foreign currency claims of and on the Chartered Banks in Canada relates only to spot claims on the books of head offices and Canadian branches (without allowance for inner reserves).

Symbols

- A = Foreign currency asset of a Canadian Chartered Bank
- L = Foreign currency liability of a Canadian Chartered Bank
- n = Non-resident debtor or creditor
- r = Resident debtor or creditor
- NFXA = Net foreign currency (spot) assets of a Canadian Chartered Bank.

$$\Sigma [A(n+r) - L(n+r)] = NFXA$$

Entries²

The appropriate net balance of payments entry is $\Delta(L_n - A_n)$; this is the entry conventionally used in most countries' balance of payments statements and attributes to the banking rather than the private sector the accumulation by residents of foreign currency positions through the banking system.

Canadian Chartered Banks have on their books in Canada a substantial volume of foreign currency claims both of and on residents. The behaviour of deposits in foreign currency belonging to residents of Canada is not generally influenced by whether they represent claims on Canadian or non-Canadian banks. Accordingly, residents' holdings of foreign currency deposits, whether with Canadian or foreign banks, have been included together as already noted. Similarly, foreign currency borrowing by Canadians, whether from Canadian or foreign banks, is included in the items for miscellaneous capital movements either in long-term (D 13) or in short-term (D 17) forms. Thus Canadian balance of payments statements include as capital movements

in item D17.1	- $\Delta(L_r + NFXA)$
in items D13.2 and D17.5	+ ΔA_r
Total	- $\Delta(L_r + NFXA - A_r)$

The effect of this treatment is to arrive at an appropriate global entry as will be evident from the following reconciliation:

$$A_n - L_n + A_r - L_r = NFXA$$

$$L_n - A_n = -(L_r + NFXA - A_r)$$

¹ Revision of not on page 69. "The Canadian Balance of International Payments 1961 and 1962, and International Investment Position".

² The presentation in this section follows the balance of payments convention that increases in liabilities (or decreases in assets) are expressed as positive amounts.

The treatment followed does not, however, yield data appropriate for the regional distribution of each of the three components in the capital account, although a distribution by currency is possible. Until the end of 1963 no other data were available, and this currency distribution was used. (The result was sometimes to attribute to a specific country some transactions carried out in its currency with third countries. This difference in treatment affecting the bilateral statements occasionally led to observations on the basis of statistics compiled in other countries about capital "movements" to or from Canada which were not apparent in official Canadian statistics.)

Data newly available provide distributions since 1963 of the underlying claims on the basis of the resi-

dency of the creditor or debtor and have made possible a net bilateral adjustment in respect of the three component items as a group. This is brought into the accounts wholly through Item D17.1.

The new information on the foreign currency assets and liabilities of Chartered Banks in Canada, classified by currency and by type and country of residence of bank customers, has been published in the Bank of Canada Statistical Summary monthly since August 1965. These balance sheet data yield the following changes in the foreign currency assets and liabilities in Canada of Chartered Banks after adjustment to eliminate changes in value resulting from variations in exchange rates. It should be noted that the changes may not correspond in sign with balance of payments conventions.

STATEMENT 34. Canadian Chartered Banks, 1964 - 65

Net transactions in foreign currency assets and liabilities of head offices and branches in Canada

Item	1964	1965	1965			
			I Q	II Q	III Q	IV Q
millions of dollars						
Assets with residents of:						
United States	40	-207	-215	- 83	272	-181
Other countries	691	-441	-231	-323	14	99
Totals non-resident	731	-648	-446	-406	286	- 82
Canada	198	276	100	71	60	45
Totals	929	-372	-346	-335	346	- 37
Liabilities with residents of:						
United States	328	-727	-327	-261	- 25	-114
Other countries	100	505	100	103	288	14
Totals non-resident	428	-222	-227	-158	263	-100
Canada	532	-107	-167	-136	143	53
Totals	960	-329	-394	-294	406	- 47
Net assets with residents of:						
United States	-288	520	112	178	297	- 67
Other countries	591	-946	-331	-426	-274	85
Totals non-resident	303	-426	-219	-248	23	18
Canada	-334	383	267	207	- 83	- 8
Totals	- 31	- 43	48	- 41	- 60	10

The above statement shows the effect on Canada's balance of payments of foreign currency banking operations of the Canadian chartered banks. As described above, the amounts identified as (a) are embodied within item D17.1 (e.g. this item in 1965 includes an inflow of \$150 million, reflecting decreases of \$107 million in residents' holdings of foreign currency deposits with Canadian chartered banks in Canada and of \$43 million in the net foreign currency holdings of these institutions); the amount identified as (b) is embodied within items D13.2 and D17.5 (e.g. in 1965 as an aggregate inflow of \$276 million).

The data newly available have not therefore led to any change in the conceptual framework of the global statement of capital movements. For the period since 1963 bilateral statements have however been based on the new data which identify the residency of banking claims as well as their currency which was the only basis of allocation earlier. The discontinuity in the series at the end of 1963 implied an accumulated overstatement of net inflows from the United States and the United Kingdom of the order of \$200 million and \$250 million respectively, and a corresponding understatement of inflows from other overseas countries.

Multilateral Settlements

Canada's transactions with countries other than the United States normally give rise to large receipts which together with the use of gold provide, in total, the means of financing Canada's deficit arising from all transactions with the United States (including those related to Canada's exchange reserves in the form of liquid claims on that country). From 1946 through 1963 these receipts aggregated about \$8.6 billion. In only one of these years, 1959, was the traditional pattern reversed and net receipts of \$158 million from all transactions with the United States were applied to an exceptionally large imbalance on current account with overseas countries. In the seventeen other years net receipts from overseas countries applied in the United States account ranged between \$133 million (in the exceptional conditions prevailing in 1950) and \$1,016 million (in the also unusual circumstances of 1952). Figures for the years after 1963 reflect improvements in the geographic classifications of foreign currency banking transactions of and through the Canadian banking system; these improvements revealed that the earlier series had reflected accumulated net overstatements of inflows from the United States and corresponding net understatements of inflows from the rest of the world of the order of \$200 million. The series for net receipts from all transactions with countries other than the United States cited above are accordingly somewhat understated.

Statement 35 shows the composition of Canada's balance of payments identifying separately some key elements in transactions with the United States and

with all other countries, and showing separately from the United States transactions in non-monetary and monetary gold which are, by convention, normally included under the United States. This statement shows that all transactions with countries other than the United States gave rise to net receipts of \$27 million in 1964 and \$1,499 million in 1965. In 1963, when however the bilateral distribution of banking transactions was subject to somewhat arbitrary conventions, the figure was \$378 million. Apart from the sharp swings in the current account balance with these countries, which are discussed elsewhere, there were substantial changes in the pattern of capital transactions in short-term forms, largely related to Eurodollar operations, although changes in official holdings of foreign exchange and in Canada's net balance with the IMF were also significant.

With the United States current account deficits continued to rise. Capital transactions in long-term forms, in the circumstances, showed remarkable stability in total. Capital movements in short-term forms showed large swings reflecting in part the foreign currency banking operations of or through the Canadian banking system but also considerable shifts in Canadian money market and related transactions. The total balance settled by gold and exchange transfers from other parts of the world amounted to some \$415 million in 1963 (subject to the qualification mentioned earlier), shifted exceptionally to a balance of \$53 million in the opposite direction in 1964, and then reversed again to a massive imbalance of \$1,502 million in 1965.

STATEMENT 35. Bilateral Statement of Multilateral Settlements in the Canadian Balance of International Payments, 1963 - 65

Item	United States ¹			Non-monetary and monetary gold			Other countries ²			Totals		
	1963 ³	1964	1965	1963	1964	1965	1963 ³	1964	1965	1963	1964	1965
	millions of dollars											
Current account balance	-1,302	-1,780	-2,050	154	145	138	627	1,211	829	-521	-424	-1,083
Capital transactions in:												
Long-term forms	843	1,013	964	-	-	-	-206	-193	-251	637	820	713
Short-term forms	- 14	626	- 508	-	-	-	44	-659	1,035	30	- 33	527
Sub-totals	829	1,639	456	-	-	-	-162	-852	784	667	787	1,240
Comprising:												
Foreign currency banking transactions through the Canadian banking system .....	..	287	- 519	-	-	-	..	-590	945	..	-303	426
Other capital flows .....	..	1,352	975	-	-	-	..	-262	-161	..	1,090	814
Increase (-) in official holdings of gold, foreign exchange and net balance with IMF	58	194	92	-117	-225	-135	- 87	-332	-114	-146	-363	-157
Total balance settled by exchange transfers	- 415	53	-1,502	37	- 80	3	378	27	1,499	-	-	-

¹ Excluding gold production available for export and changes in official holdings of gold which are attributed conventionally, elsewhere in this report, to the account with the United States.

² Including International financial agencies.

³ There is a discontinuity at the end of 1963 in the allocation bilaterally of capital movements in short-term forms implying accumulated earlier net overstatements of inflows from the United States and corresponding net understatements of inflows from the rest of the world of the order of \$200 million.

Official Holdings of Gold and Foreign Exchange and Canada's Balance with the IMF

Movements in a country's official monetary assets normally provide the principal element in the temporary adjustment of its overall balance of payments position. This is particularly the case under conditions where only small variations about a fixed exchange parity are permitted and the fiscal and monetary measures at the disposition of the authorities may be longer run in their effect and may at times conflict with domestic objectives.

The traditional monetary assets available in the form of official holdings of gold and foreign exchange have been supplemented in the postwar period by the creation of a variety of other facilities. Among these is the International Monetary Fund established at the end of World War II, whose resources have been augmented by increases in quotas and by the adoption of the General Arrangements to Borrow. And in more recent years a considerable network of reciprocal credit arrangements has been developed between the world's major central banks. Some references to these arrangements insofar as they have affected Canada will be given later.

The variations in Canada's official monetary assets which are described below reflect the balance of all the transactions and influences described in the earlier sections of this report and of the interaction between them. In the comments which follow, emphasis is given to the specific monetary transactions not already described.

It should be noted that the figures used throughout this section are expressed in terms of United States funds unless otherwise specified.

Reference was made earlier to the network of reciprocal credit facilities developed by the world's major central banks. Canada has on occasion been recipient or giver of assistance through these arrangements. Sometimes transactions have been reversed within a statistical accounting period and there have been no discernible statistical effects.

But the existence of these facilities has played an important role in international liquidity and monetary stability.

It will be recalled that in 1962 support for the Canadian dollar included the provision of central bank assistance from the United States and the United Kingdom as well as offers from other countries. A further example of the use of these facilities occurred in November 1963, at the time of the pressure on the United States dollar which developed following the assassination of President Kennedy. The Federal Reserve Bank of New York drew various currencies including Canadian dollars equivalent to U.S. \$20 million under its swap agreement with the Bank of Canada. (This swap was repaid in mid-December.)

The severe exchange crisis which developed in the United Kingdom in the latter half of 1964 was the occasion for further international co-operation of this kind. Massive lines of credit were made available to the Bank of England by a group of central banks and the United Kingdom made substantial drawings from the International Monetary Fund which involved, inter alia, the Fund's utilizing, for the first time, its authority to borrow from member countries including Canada under the General Arrangements to Borrow.

The bilateral statistics of Canada's official holdings of gold and foreign exchange shown in this report reflect the Bank of Canada's participation in lines of short-term credit of \$1,000 million and \$3,000 million which were extended to the Bank of England in September and December, respectively, by a consortium of central banks. The Bank of Canada's share of the first credit line amounting to \$50 million had been drawn on in full by the end of November and repaid by the end of December. Its \$200 million share of the second credit facility was drawn on to the extent of \$50 million at the year-end. These transactions were reversed by mid-1965 when the United Kingdom used drawings from the International Monetary Fund to repay central bank assistance.

STATEMENT 36. Exchange Holdings and IMF Balance, 1963 - 65

End of period	Official holdings of gold and U.S. dollars	Net balance with International Monetary Fund
millions of dollars		
1963 IQ	2,600	-138
II Q	2,692	-138
III Q	2,568	- 58
IV Q	2,595	- 58
1964 IQ	2,466	20
II Q	2,534	25
III Q	2,625	80
IV Q	2,674	197
1965 IQ	2,554	240
II Q	2,480	327
III Q	2,614	403
IV Q	2,665	353

STATEMENT 37. Canada's Account with the International Monetary Fund

Period	Canadian assets			Canadian liabilities = IMF holdings of Canadian dollars					Canada's net balance with IMF ¹
	Transactions		Total assets	Transactions				Total liabilities	
	Subscriptions (Quota)	Loans (GAB)		Subscriptions and loans	Net drawings of foreign currencies by Canada	Net drawings (-) of Canadian dollars by other countries	Sales of Canadian dollars to IMF for gold		
millions of United States dollars									
1947-61	550.0		550.0	412.5		- 99.6	25.0	337.9	212.1
1962			550.0		300.0	50.3		688.2	-138.2
1963			550.0		- 79.7			608.5	- 58.5
1964		15.0	565.0	15.0	-166.0	- 99.0	9.0	367.5	197.5
1965		35.0	600.0	35.0		-183.4	27.5	246.6	353.4
1963 III Q			550.0		- 79.7			608.5	- 58.5
1964 I Q			550.0		- 58.8	- 20.0		529.7	20.3
II Q			550.0			- 5.0		524.7	25.3
III Q			550.0		- 50.0	- 5.0		469.7	80.3
IV Q		15.0	565.0	15.0	- 57.2	- 69.0	9.0	367.5	197.5
1965 I Q			565.0			- 42.5		325.0	240.0
II Q		35.0	600.0	35.0		-114.0	27.5	273.5	326.5
III Q			600.0			- 76.0		197.5	402.5
IV Q			600.0			49.1		246.6	353.4

¹ This is a cumulative measure of the net resources provided by Canada to the IMF. The Canadian dollar equivalent of the change appears as item H 2 in the balance of payments statement. Canada's net balance with the IMF, when positive, represents the so-called "gold tranche position" plus borrowing under the General Arrangements to Borrow (GAB). This may be drawn by Canada virtually automatically on statement of balance of payments need, but Canada would then be under an obligation to restore its net balance to 25 per cent of the Quota.

Note: The statement is expressed in terms of United States dollar equivalents in accordance with the IMF practice. Since members are obligated to maintain the gold value of the IMF's holdings of their currencies, from time to time there have been adjustment payments between the IMF and Canada in Canadian dollars arising from changes in the exchange rate. These transactions are not reflected above because the series are shown in United States dollar equivalents, and do not appear in the balance of payments statements because only the change in Canada's net asset is shown. The adjustment transactions affect the Public Accounts of Canada.

Canada's external reserves, which suffered heavy losses during the severe exchange crisis in the early summer of 1962 had substantially recovered by the end of the third quarter and by the year-end were actually \$155 million (in Canadian dollar terms) higher than the year-end level for 1961. Official holdings of gold and United States funds stood at \$2,539.4 million, and Canada had a net debtor position⁶ of \$138.2 million with the International Monetary Fund.

By the end of 1963 official holdings had risen by \$60 million and Canada's net position with the International Monetary Fund by \$86 million (both expressed in Canadian funds). In total, therefore, external reserves showed a smaller increase in 1963 than in either 1961 or 1962. When the Interest Equalization Tax proposal was introduced into the United States Congress in mid-July Canada's official holdings of gold and United States dollars, already reduced by the partial repayment (of \$80 million) of the 1962 IMF drawings, incurred heavy losses for a short period as uncertainty seized Canada's financial markets before the announcement that Canadian

new issues were to be exempted. Between the end of June and the end of July, official holdings dropped from \$2,692 million to \$2,501 million. Official holdings, however, were dramatically boosted in mid-September when exceptionally large contracts for the sale of wheat and flour to the Soviet Union were announced, and by the end of 1963 were \$94 million higher than the July figure.

By the end of 1964 official holdings of gold and United States funds increased by a further \$79 million to \$2,674 million, but, even so, remained somewhat lower than the June 1963 level. Canada's net position with the International Monetary Fund improved by \$277 million to the end of 1964 when her so-called "gold tranche position" together with loans made under the General Arrangements to Borrow amounted to \$197.5 million.⁷ During the year Canada made repayments (for technical reasons, mainly in Deutsche marks, Netherlands guilders and French francs) to the International Monetary Fund of \$166.0 million. Other countries made net drawings of Canadian dollars equivalent to U.S. \$300 million.

⁶ This represents the net resources made available to Canada by the IMF and reflects the extent to which the Fund's holdings of Canadian dollars exceeds Canada's quota. (In addition Canada had a further obligation to restore its gold tranche position to \$137.5 million.)

⁷ This represents the net resources made available by Canada to the IMF, and may be drawn virtually automatically on statement of balance of payments need although Canada would then be under an obligation to restore the figure to 25 per cent of the Canadian quota.

By the end of October, therefore, Canada had fulfilled her obligation to the IMF of restoring her "gold tranche position" to 25 per cent of her quota of \$550 millions. In December, Canada's position was increased as a result of assistance extended to the United Kingdom under the auspices of the International Monetary Fund. In December the United Kingdom, following severe exchange losses, made a drawing of \$1,000 million from the IMF including the equivalent of \$69 million in Canadian funds. The Fund simultaneously purchased from Canada \$9 million of Canadian funds against gold. In conjunction with several other countries, Canada increased the Fund's resources by making available to it under the General Arrangements to Borrow, \$15 million in Canadian funds. The balance of \$45 million represented a drawing down of the IMF's Canadian dollar holdings. On balance these transactions added a further \$60 million to Canada's net balance with the Fund. These transactions had little effect on Canada's official holdings of sterling as these are normally limited to working balance.

Although over 1965 official holdings of gold and foreign exchange fell slightly, the balance with International Monetary Fund rose by \$168 million and Canada's net international monetary assets increased on balance by \$157 million (both figures in Canadian dollar terms).

Official holdings of gold and United States funds, at \$2,665 million at the end of the year 1965 were \$9 million lower than at the beginning. Official holdings of sterling continued to be limited to working balances.

Canada's "gold tranche position" with the International Monetary Fund together with loans made under the General Arrangements to Borrow amounted to \$353.4 million at the end of 1965, an increase of \$155.9 million during the year. Contributing to this change were drawings of Canadian dollars by other countries totalling \$290.5 million

and their repurchases with Canadian currency of the equivalent of \$107.1 million of their own currencies. The Fund also acquired Canadian dollars equivalent to \$27.5 million and \$35 million from gold sales to Canada under the General Arrangements to Borrow, respectively. These figures indicate a much greater volume of transactions with the Fund than in any earlier year, although a significant part represented technical transactions of an offsetting nature. In total, there were 47 transactions in Canadian dollars in 1965 including a total of 13 drawings by 8 separate countries and 32 repurchases by 15 countries. In 1964 there were 13 transactions including repurchases by Canada in 5 currencies, and drawings of Canadian dollars by 3 countries.

The largest transaction in 1965 occurred in May when the United Kingdom made a drawing of \$1,400 million from the Fund. This included the United States dollar equivalent of \$107.5 million in Canadian dollars. The Fund replenished its holdings of Canadian dollars by the sale to Canada of \$27.5 million of gold and by borrowing \$35 million from Canada under the General Arrangements to Borrow. The net effect was to increase Canada's balance with the IMF by \$80 million.

During 1965 the United States purchased from the Fund Canadian dollars equivalent to U.S. \$85 million. These drawings were of a technical nature; the United States sold the Canadian dollars thus acquired for United States funds to other members wishing to make repayments to the Fund. Since early in 1964 the Fund's holdings of United States dollars have exceeded 75 per cent of that country's quota in the Fund, and under the Articles of Agreement other members have been precluded from making repayments to the Fund in United States dollars. The effect of these technical transactions is cancelled as far as Canada is concerned as repayments to the Fund by other countries offset the drawings by the United States.

SECTION 2

CANADA'S INTERNATIONAL INVESTMENT POSITION

GENERAL REVIEW

Estimates of the various external assets and liabilities relating to the nation's international investment position are presented in Tables V to XVI at the end of this report and appear in summary form in Statements 50 to 52. The difference between the assets and liabilities is described as the Canadian balance of international indebtedness.¹ This balance arises from the amount by which foreign investments in Canada and other kinds of liabilities abroad exceed external assets owned by Canadians.

It might be appropriate to classify the components of this aspect of Canada's international economic and financial relationships in a variety of ways. There could be special interest in distinguishing long-term and short-term components, or components providing for contractual repayment, or those carrying service obligations in foreign currency at a predetermined rate; or in the range of yields (immediate or accrued) attaching to their term and liquidity; or in their division between the private and public sectors. Each of these might have meaning in the context of a particular study. While it is not possible to compile all the components of Canada's international investment position in such a way as to permit precise classifications on all these bases, a great many combinations to meet

particular purposes are made possible by the variety of detail included in Tables V to XVI and in some of the statements in this section.

Canada's balance of indebtedness rose by 4 per cent or \$0.8 billion to \$20.1 billion in 1964. With the exception of 1963 when the balance moved up by \$0.7 billion to \$19.3 billion this was the smallest increase recorded for any year since 1950. The net indebtedness of Canada to investors in other countries has shown a persistent growth from its post-war low of \$4.0 billion in 1949. The principal factors contributing to the growth of this indebtedness are Canada's current account deficit and the net balance of earnings accruing but not paid on foreign investments in Canada less those on Canadian investments abroad. Among the factors contributing to the more moderate rises in 1963 and 1964 were sharply decreased inflows of direct investment capital as well as a significant growth in the flow of Canadian direct investment abroad and an increase in the volume of earnings retained abroad by Canadians. However, in 1963 and 1964 income of non-residents reinvested in Canada increased sharply and there were significant increases in the net inflow of portfolio capital.

STATEMENT 50. Canada's Balance of International Indebtedness, Selected Year Ends, 1926 - 64

Item	1926	1930	1939	1945	1949	1958	1959	1960	1961	1962	1963	1964
	billions of dollars											
Gross liabilities to other countries	6.4	8.0	7.4	8.2	9.3	21.5	23.8	25.6	27.3	28.8	30.4	32.8
Gross external assets	1.3	1.5	1.9	4.0	5.3	8.2	8.5	9.0	9.7	10.2	11.1	12.7
Net indebtedness	5.1	6.5	5.5	4.2	4.0	13.3	15.3	16.6	17.6	18.6	19.3	20.1

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

It will be noted that the 1964 figures for foreign direct and short-term investment in Canada incorporate several major changes affecting the continuity of the international investment position series. A detailed description of these changes is given in the note "About the figures" see p. 65.

The major contributor to the increased balance of indebtedness in both the year and the decade has been the expansion in foreign long-term investments

in Canada. These have been rising over a long period, being a prominent source of the financing of investment in Canada. Their value totalled \$27.4 billion at the end of 1964, up from \$26.1 billion a year earlier and \$7.1 billion at the beginning of the post-war period. The rates of increase of about 5 per cent in both 1963 and 1964 were less than in some earlier periods. The largest parts of the increases in the value of this group of investments have come from inflows of capital to Canada which are reflected in the capital account of the balance of payments. In addition, other significant parts of the growth have originated in the retention in Canada of parts of the earnings on investments accruing to non-residents.

¹ The term includes equity investments as well as contractual borrowings and is used in the broad sense generally accepted in balance of payments terminology.

**STATEMENT 51. Value of Non-resident Owned Investments in Canada,
Selected Year Ends, 1900 - 64**

Owned by residents of	1900 ¹	1914 ¹	1918 ¹	1926	1930	1939	1945	1961	1962	1963	1964
	millions of dollars										
United States	168	881	1,630	3,196	4,660	4,151	4,990	18,001	19,155	20,479	21,443*
United Kingdom	1,050	2,778	2,729	2,637	2,766	2,476	1,750	3,381	3,399	3,331	3,463
Other countries	14	178	177	170	188	286	352	2,224	2,335	2,324	2,448
Total book value	1,232	3,837	4,536	6,003	7,614	6,913	7,092	23,606	24,889	26,134	27,354*

¹ Privately estimated; for sources see Table XII.

A major part of the recent increases has been due to the expansion in direct investments in business enterprises which are controlled abroad. Totaling \$15.9 billion these made up nearly 60 per cent of the 1964 total. However, in 1963 and 1964 direct investments grew rather less rapidly than in earlier years while portfolio investments grew considerably more rapidly. The increases in direct investments were distributed among primary and secondary industries with gains in manufacturing exceeding those in the petroleum and mining industries. There were also sizable rises in merchandising and "other enterprises", but utilities other than pipelines remained practically unchanged. There was a large gain in non-resident holdings of government and municipal bonds, mainly as a result of sales of new issues to non-residents. In the case of other portfolio investments the increase was small with miscellaneous

investments held mainly through intermediaries recording a small decline.

Investments owned in the United States, which rose from \$20.5 billion in 1963 to \$21.4 billion in 1964, accounted for most of the increase in the total. United States holdings of Canadian government and municipal bonds, which amounted to \$4.3 billion at the end of 1964, were the main source of this rise, but there were also substantial gains in direct investment, which had a book value of \$12.9 billion at the end of 1964, other portfolio holdings and miscellaneous investments. Investments owned in the United Kingdom in 1964 rose to a total of \$3.5 billion, while investments owned in other countries increased by about the same amount to a total of \$2.4 billion.

**STATEMENT 52. Value of United States Investments in Canada,
Selected Year Ends, 1926 - 64**

Classification	1926	1930	1945	1949	1959	1960	1961	1962	1963	1964
	millions of dollars									
Direct investment	1,403	1,993	2,304	3,095	9,912	10,549	11,284	12,006	12,754	12,901*
Government and municipal bonds	909	1,205	1,450	1,534	2,764	2,903	3,049	3,387	3,869	4,336
Other portfolio investments	799	1,368	1,106	1,107	2,242	2,349	2,562	2,726	2,829	2,958
Income accumulating investment funds	—	—	—	—	321	264	266	164	123	42
Miscellaneous investments	85	94	130	170	587	653	840	872	904	1,206
Total book value	3,196	4,660	4,990	5,906	15,826	16,718	18,001	19,155	20,479	21,443*

Other liabilities to non-residents brought Canada's total external liabilities at the end of 1964 to \$32.8 billion. Canadian long-term investments abroad totalled about \$7.3 billion (about \$1.6 billion of them being directly offset by items included among other liabilities to cover the equity in them of non-residents). They included \$5.3 billion of private

direct and portfolio investments abroad and \$1.5 billion of Government of Canada credits. To the total of long-term investments must be added other short-term assets abroad, including Canada's official holdings of gold and foreign exchange, private and banking holdings of foreign funds, and accounts receivable, bringing gross assets to \$12.7 billion.

About the figures -

FOREIGN DIRECT AND SHORT-TERM INVESTMENT IN CANADA, 1964 - DISCONTINUITIES

The 1964 data on Canada's international investment position incorporate several major changes affecting the continuity of the series.

1. Following a re-appraisal of the statistics for sales finance and consumer loan companies, some \$450 million of their inter-company and other liabilities previously recorded as "Other long-term indebtedness" was reclassified in the data for the end of 1964 as "Short-term payables n.i.e." This brings the figure for the short-term liabilities of Canadian finance companies to non-residents at that time to about \$875 million. This treatment conforms with that used in measuring flows in the capital account of the balance of payments.

The classification of intercorporate liabilities involves considerable practical difficulties. The distinction between long and short-term capital used in Canadian data is based on probable behaviour rather than strict form. Respondents are asked to classify as long-term those claims which are intended or likely to remain outstanding for more than one year from the date incurred. This concept has proved more meaningful than adherence to the strict term of claims because demand obligations or open account claims are frequently applied in parent company-subsidiary accounting to capital having an essentially long-term function. In general,

therefore, the definitions adopted approximate the "normal" capital employed. In the finance field where substantial and continuing roll-over of short-term debt is typical, this generalization is less valid, but the sources of financing, as has frequently been demonstrated, may be highly variable. Short-term claims and changes in them which are excluded from direct or other long-term investment under these definitions are included respectively in other categories of the investment position and in the "Other capital movements" group of transactions.

2. The enterprises covered in the surveys of international investment are identified from a variety of sources, but there is inevitably some lag in the process of establishing a list of Canadian corporations in which there is foreign ownership. This has not affected estimates of direct investment capital flows of Canada as the practice has been followed of including an allowance for current under-coverage. Reports under the "Corporations and Labour Unions Returns Act" for 1962 have confirmed the validity of these earlier allowances, and the 1964 investment position data reflect the addition of about 400 of such companies. As shown in Statement 53 the book value of foreign investment involved in these adjustments at the end of 1964 approximated \$170 million.

STATEMENT 53. Coverage Adjustment, End of 1964

Item	Book value of investment owned in			
	United States	United Kingdom	Other countries	Total
	millions of dollars			
Direct investment	68	22	68	158 ¹
Portfolio investment	2	3	6	11
Total investment	70	25	74	169

¹ Includes approximately \$34 million and \$44 million of investment in real estate companies and other finance companies respectively.

The net effect of these two groups of adjustments on the series for foreign long-term investment in Canada at the end of 1964 was a reduction of about \$280 million, reflecting a reduction of about \$380 million in investments of United States residents, and increases of about \$25 million and \$75 million in investments of residents of the United Kingdom and other countries respectively.

3. Higher than normal changes in the investment position also occurred from the transfer of ownership

and control of several real estate companies between the United States, United Kingdom and other countries in 1964. Changes in classification of this sort are quite common and, in some instances, a comparatively small change of ownership of a marginal nature is sufficient to cause a major shift in the classification of investment between the direct and portfolio categories and between countries of control.

Canadian Long-term Investment Abroad

Canadian direct investment abroad has continued to rise reflecting capital outflows and undistributed earnings. Details by area and industry at the end of 1964 and some earlier years appear in Statements 54 to 56, while the following section of this report discusses the underlying ownership and

control of these investments by Canadians and non-residents.

The total book value of Canadian direct investment in branches, subsidiaries and controlled companies amounted to \$3,356 million at the end of 1964, having more than doubled in the preceding

decade. A part of this growth reflected the rising value of foreign currencies in terms of Canadian funds.

Slightly more than 60 per cent of these investments at the end of 1964 was in the United States and the remainder was divided about equally between the United Kingdom, other commonwealth countries, and the rest of the world. Investments overseas have been growing rapidly and the percentage in the United States has fallen from more than 75 per cent a decade earlier.

A large number of Canadian corporations and other persons have direct investments outside Canada, but the bulk of the value is represented by a relatively few large corporations. In 1963 some 13 Canadian enterprises had direct investments outside Canada aggregating \$50 million or more, accounting for \$2,197 million, or 70 per cent of the total. A further 8 enterprises whose direct investments outside Canada ranged between \$20 million and \$50 million accounted for \$224 million or 7 per

cent of the total. The group of enterprises having direct investments outside Canada with a book value between \$5 million and \$20 million numbered 38 and accounted for \$358 million or 12 per cent of the total. Thus 59 enterprises with direct investments outside Canada of \$5 million or over accounted for \$2,779 million or 89 per cent of the total. The remaining direct investments abroad, those by enterprises whose aggregate investments outside Canada had a value of under \$5 million, totalled \$346 million.

Some measure of the wide dispersion of these investments will be indicated by the fact that the Canadian data for 1963 include investments aggregating \$5 million or more in 32 countries.

The 59 enterprises having direct investments outside Canada of \$5 million or more included about 18 which involve a continuing supply of basic materials or parts from Canada, representing by value about one third of the group. The remaining group of 41 enterprises included 7 in the utility field, representing some 15 per cent by value of the total group.

STATEMENT 54. Canadian Direct Investment Abroad, Geographical Distribution, Selected Year Ends, 1949-64

Area	1949	1954	1958	1959	1960	1961	1962	1963	1964
	millions of dollars								
United States	721	1,231	1,440	1,498	1,632	1,756	1,823	1,965	2,025
United Kingdom	59	119	200	235	257	288	344	392	457
Latin America ¹	47	77	137	161	158	154	144	160	167
Other America ²	25	55	155	168	173	177	200	234	255
Africa	20	48	64	65	68	44	45	59	65
European Economic Community (Common Market) }	19	34	62	41	45	56	64	87	112
Other Europe				36	45	35	49	62	79
Australasia	25	40	56	65	71	74	104	114	141
Asia	10	15	35	26	32	44	48	52	55
Totals	926	1,619	2,149	2,295	2,481	2,628	2,821	3,125	3,356

¹ 20 republics and Puerto Rico.

² Includes sterling area countries and French and Dutch possessions.

Note: For industrial distribution see Statement 56 and Table VII.

STATEMENT 55. Canadian Direct Investment in European Economic Community (Common Market), Year Ends, 1959-64

Country	1959	1960	1961	1962	1963	1964
	millions of dollars					
Belgium and Luxembourg .....	..	2	1	10	15	13
France .....	..	24	27	17	22	31
Italy .....	..	8	11	10	18	24
Netherlands .....	..	1	2	7	8	13
West Germany .....	..	10	15	20	24	31
Totals	41	45	56	64	87	112

**STATEMENT 56. Canadian Direct Investment Abroad, Industrial Detail,
Year Ends, 1961 - 64**

Classification	United States				United Kingdom				Other Commonwealth countries			
	1961	1962	1963	1964	1961	1962	1963	1964	1961	1962	1963	1964
	millions of dollars											
Railways	278	282	279	273	-	-	-	-	-	-	-	-
Other utilities	142	149	160	151	12	9	9	8	15	16	17	21
Industrial and commercial	1,018	1,092	1,108	1,158	271	327	367	432	95	132	149	186
Mining	51	33	41	36	-	-	-	-	145	161	162	160
Petroleum ¹	189	192	264	261	-	-	-	1	-	1	1	9
Financial	37	44	90	115	2	2	11	10	4	6	10	11
Other	41	31	23	31	3	6	5	6	20	20	38	39
Totals	1,756	1,823	1,965	2,025	288	344	392	457	279	336	377	426
	Other countries				Total							
	1961	1962	1963	1964	1961	1962	1963	1964	1961	1962	1963	1964
	millions of dollars											
Railways	-	-	-	-	-	278	282	279	273	-	-	-
Other utilities	57	19	34	36	36	226	193	220	216	-	-	-
Industrial and commercial	182	218	268	311	311	1,566	1,769	1,892	2,087	-	-	-
Mining	47	63	71	82	82	243	257	274	278	-	-	-
Petroleum ¹	14	13	14	13	13	203	206	279	284	-	-	-
Financial	2	3	2	2	2	45	55	113	138	-	-	-
Other	3	2	2	4	4	67	59	68	80	-	-	-
Totals	305	318	391	448	2,628	2,821	3,125	3,356				

¹ Excludes pipelines which account for most of "Other utilities" in the United States.

Canadian capital invested abroad in other long-term forms is shown in Tables V and VII.

Portfolio holdings of foreign securities by Canadians are estimated to have totalled more than \$1.9 billion at the end of 1964. Holdings of bonds amounted to about \$0.3 billion and holdings of stocks to \$1.6 billion. A significant proportion of the \$1.3 billion holdings of United States stocks² appears to have represented investment by Canadian financial intermediaries. At the end of 1964 holdings of foreign stocks by trustee pension funds amounted to \$133 million (book value) or \$170 million (market value) while holdings by mutual funds³ amounted to \$186 million (cost price) or \$236 million (market value). It seems probable that the bulk of these holdings consisted of United States stocks.

Government of Canada credits to other governments and to the United Nations amounted to \$1,517

² An extended note on Canadian portfolio holdings of stocks of United States corporations was provided in "The Canadian Balance of International Payments 1961 and 1962 and International Investment Position".

³ For further information about the assets of trustee pension funds and mutual funds respectively see "Trustee Pension Plans, Financial Statistics" (DBS Catalogue No. 74-201, Annual) and "Business Financial Statistics Balance Sheets, Selected Financial Institutions" (DBS Catalogue No. 61-006, Quarterly).

million at the end of 1964. The two largest components were the balance of \$1,059 million (including deferred interest) on the 1946 loan to the United Kingdom, and \$219 million representing proceeds of Columbia River Treaty receipts employed in medium-term non-marketable United States Government securities.

Among other Canadian long-term investments abroad were Canada's subscriptions to the international investment agencies (the International Bank for Reconstruction and Development, the International Development Association and the International Finance Corporation) aggregating about \$0.1 billion, and miscellaneous investments of \$0.4 billion. On balance this represented exports of agricultural and industrial products directly or indirectly at risk of the Government of Canada, including somewhat more than \$0.1 billion financed directly by the Government or its agencies. Other long-term claims on non-residents included such items as uninsured export credits, real estate, estates and trusts, bank loans, and equity in international unions, totalling a further \$0.1 billion, but there has also been included in this group of items, as a negative component, an amount of roughly corresponding magnitude representing the reserve against inactive credits of the Government of Canada.

Equity of Non-residents in Canadian Assets Abroad

Non-residents have an important equity in Canadian direct investments abroad through their ownership of Canadian corporations. For this reason figures of Canadian long-term investments abroad cannot be set directly against the total of non-resident long-term investments in Canada.⁴ This non-resident equity arises from foreign ownership in whole or in part of Canadian companies having subsidiaries or branches in other parts of the world. Details appear in Statement 57. The total capital at the disposition of Canadian direct investment companies abroad is larger than is indicated by the value of Canadian direct investments abroad which reflects only investment from Canada. Some of the

foreign companies concerned have in addition non-Canadian participation through ownership of their funded debt or stock.

During the ten-year period from 1954 to 1964 the book value of Canadian direct investment abroad increased by \$1,737 million to \$3,356 million. Direct investment by foreign-controlled Canadian enterprises accounted for 56 per cent of this growth and the equity of foreign residents through their investment in Canadian companies for about 58 per cent.

Total direct investments abroad of Canadian companies are frequently more significant for the Canadian balance of payments than the Canadian

STATEMENT 57. Non-resident Equity and Control of Canadian Direct Investment Abroad, Selected Year Ends, 1954 - 64

Item	1954		1960		1961		1962		1963		1964	
	Millions of dollars	Per cent										
Equity												
United States residents.....	484	30	947	38	995	38	1,106	39	1,174	38	1,297	39
United Kingdom residents	76	5	86	3	88	3	97	4	109	3	132	4
Other non-residents.....	35	2	91	4	99	4	115	4	131	4	145	4
Sub-totals, non-residents	595	37	1,124	45	1,182	45	1,318	47	1,414	45	1,574	47
Canadian residents	1,024	63	1,357	55	1,446	55	1,503	53	1,711	55	1,782	53
Totals	1,619	100	2,481	100	2,628	100	2,821	100	3,125	100	3,356	100
Control												
United States-controlled Canadian enterprises.....	425	26	967	39	957	36	1,035	37	1,158	37	1,307	39
Other foreign-controlled Canadian enterprises.....	12	1	74	3	78	3	96	3	114	4	137	4
Sub-totals, foreign control ..	437	27	1,041	42	1,035	39	1,131	40	1,272	41	1,444	43
Canadian controlled enterprises and resident Canadian individuals.....	1,182	73	1,440	58	1,593	61	1,690	60	1,853	59	1,912	57
Totals	1,619	100	2,481	100	2,628	100	2,821	100	3,125	100	3,356	100

Note: Values given above do not reflect ownership by non-residents held directly in the enterprises abroad.

equity. For example, it is the total capital movements and the total income transfers arising from these investments that are relevant. Effect on the balance of payments is an important criterion for inclusion of investments abroad of Canadian companies.

There are other important instances where investments outside Canada of Canadian companies or of branches of non-resident concerns are excluded from the statistics of Canadian investment abroad (and Canadian liabilities correspondingly reduced) because their international transactions are of no real relevance to the Canadian balance of payments. The group includes Canadian investment and holding

companies wholly-owned abroad whose assets are also wholly situated abroad, the foreign ownership in some Canadian companies operating only abroad in which beneficial Canadian ownership is minor, and some subsidiaries abroad of operating companies wholly-owned abroad if the operations abroad are not directly related to the Canadian functions.

The investments outside Canada referred to in the preceding paragraph amounted at the end of 1961 to about \$3 billion and were quite apart from the substantial assets of nearly \$6 billion held abroad by Canadian banks and insurance companies in respect of their liabilities to non-residents. Taking into account all types, the total investment abroad of Canadian corporations and institutions held beneficially for non-residents fell not far short of \$10 billion at the end of 1961.

⁴ 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.

Direct Investment in Canada

Direct investment in Canada by non-residents has increased almost sixfold in the post-war period, from \$2,713 million at the end of 1945 to \$15,889 million at the end of 1964 when it represented some 58 per cent of total long-term investment in Canada by non-residents. Direct investments in foreign-controlled enterprises have grown more rapidly than portfolio investments in most years since 1945, although this growth appears to have slowed down somewhat in 1963 and 1964. The importance of these direct investments in some of the main areas of growth like resource industries and secondary manufacturing has given them a special significance. By the end of 1964 the value of foreign direct investment in manufacturing had grown to \$6,545 million while in petroleum and natural gas, an area of especially dynamic growth, it had grown to \$4,201 million from \$141 million in 1945.

This aspect of foreign investment in Canada has been dominated by direct investment from the United States. At the end of 1964 United States direct investments, valued at \$12,901 million, made up over 80 per cent of total foreign direct invest-

ments in Canada. These investments were more than five times the 1945 value of \$2,304 million. In comparison, United States-owned portfolio investments trebled in value during the same period to \$8,542 million. The value of direct investments owned by United Kingdom residents has increased to almost six times the 1946 low of \$335 million. At \$1,944 million British direct investments comprised 12 per cent of total foreign direct investments in Canada at the end of 1964. An industrial distribution of direct investments owned in the United States and the United Kingdom can be found in Table X.

Direct investment in Canada by countries other than the United States and United Kingdom has increased since the end of World War II from \$61 million to \$943 million by the end of 1963 and \$1,044 million by the end of 1964. The period of rapid increase was interrupted in 1963 when there was a small decline of \$5 million in the book value of these investments. But over the post-war period as a whole, their rate of growth was considerably higher than for investments by either the United States or United Kingdom, although of course the amounts involved are smaller.

STATEMENT 58. Direct Investment in Canada by Countries Other than the United States and United Kingdom, Selected Year Ends, 1955 - 63

Country of ownership	Book value				
	1955	1957	1959	1961	1963
	millions of dollars				
Australia.....	6	6	7	7	1
Sterling area in western hemisphere	—	4	9	16	18
Other sterling area	8	10	22	22	13
Sub-totals, sterling area excluding United Kingdom	14	20	38	45	32
Belgium.....	107	139	164	197	199
Denmark	7	7	9	9	6
France	64	92	107	143	146
Germany	14	56	82	102	109
Netherlands	9	23	34	141*	224
Sweden	12	19	27	34	35
Switzerland.....	72	92	101	128	142
Other OECD (Europe)	3	4	4	5	9
Sub-totals, OECD countries other than sterling area....	288	432	528	759	870
Panama.....	2	6	6	10	12
Other Latin American countries	1	3	2	1	2
Sub-totals, Latin America	3	9	8	11	14
Other countries ¹	20	33	36	25	27
Totals²	325	494	610	840	943

¹ Includes mainly foreign-controlled investments whose beneficial ownership has not been identified by country.

² Distribution of these totals by industry will be found in Table X, part D.

Statement 58 shows the geographic distribution of ownership of these investments at biennial intervals from 1955 to 1963. It reveals exceptionally rapid growths of direct investment by the Netherlands, the data for which are influenced by the statistical treatment of some large international companies and by the Federal Republic of West Germany which increased from \$14 million to \$109 million in

the eight-year period. The next largest increases were in investments by Belgium, France and Switzerland. At the end of 1963 the Netherlands was the largest source of direct investment in Canada apart from the United States and the United Kingdom, Belgium followed, then France, Switzerland and Germany in that order, each with more than \$100 million.

The largest parts of Dutch and of Belgian investment were in the petroleum industry. French and Swiss investments tended to be in the financial category, which includes also real estate ownership. German investments, on the other hand, tended to be in manufacturing.

Statement 59 shows the total Canadian and foreign investment in Canada in enterprises controlled in countries other than the United States and the United Kingdom at biennial intervals from 1955 to 1963. In most cases these values range from 40 per cent to 50 per cent above the values of direct investment and reflect investment in the companies

from Canada or from third countries. An industrial distribution at the end of 1960 will be found in Statement 35 A of the "Canadian Balance of International Payments, 1961 and 1962 and International Investment Position".

The figures do not include "miscellaneous investments" in real estate, mortgages, assets administered for non-residents, private investment companies, etc., which amounted to \$646 million at the end of 1963 and \$622 million at the end of 1964. Some of these investments are similar in character to the direct investment covered in these statements.

STATEMENT 59. Total Canadian and Foreign Investment in Canada in Enterprises Controlled in Countries Other than the United States and United Kingdom, Selected Year Ends, 1955 - 63

Country of control	Book value				
	1955	1957	1959	1961	1963
	millions of dollars				
Australia	11	6	7	7	1
Sterling area in western hemisphere	—	7	16	27	28
Other sterling area	8	10	31	30	37
Sub-totals, sterling area excluding United Kingdom	19	23	54	64	66
Belgium	140	174	224	308	310
Denmark	7	8	9	9	9
France	101	156	178	247	297
Germany	16	66	112	126	138
Netherlands	11	26	36	150*	266
Sweden	15	21	33	69	69
Switzerland	86	111	152	165	185
Other OECD (Europe)	3	4	5	6	11
Sub-totals, OECD countries other than sterling area	379	566	749	1,080	1,285
Panama	3	6	6	13	13
Other Latin American countries	1	3	2	1	3
Sub-totals, Latin America	4	9	8	14	16
Other countries ¹	29	44	49	29	32
Totals	431	642	860	1,187	1,399

¹ Includes mainly foreign-controlled investments whose beneficial ownership has not been identified by country.

The channels used by many of these overseas countries for portfolio investment in Canada, which at the end of 1963 and 1964 amounted to \$735 million and \$782 million respectively, preclude identification by country of ownership, but the overwhelming part of the total may be considered to be owned in Western Europe.

Ownership of Net Canadian Long-term Funded Debt

Statement 60 provides a detailed classification of the estimated distribution of the ownership of Canadian long-term funded debt by currency of payment at the end of 1954 and 1964 (net of sinking funds). Over this ten-year period outstanding funded debt is estimated to have risen by 86 per cent to \$44.4 billion of which \$6.1 billion or 14 per cent provided for payment solely or optionally in foreign currency. At the end of 1964 such issues accounted

for 2 per cent of Government of Canada debt (excluding railway debt), 23 per cent of provincial debt, 21 per cent of municipal debt, 20 per cent of railway debt, and 20 per cent of other corporate funded debt. They represented 21 per cent of all funded debt other than Government of Canada direct issues. Total non-resident ownership rose by 116 per cent to \$8.2 billion. Perhaps one third of this total represented investment from the United States by insurance companies; some of these companies also have large investments in Canadian securities arising from their Canadian business. Securities owned by non-residents accounted for 5 per cent of the Government of Canada debt, 26 per cent of provincial debt, 26 per cent of municipal debt, 26 per cent of railway debt and 29 per cent of other corporate funded debt. This was 19 per cent of all funded debt or 27 per cent of all funded debt except Government of Canada direct issues.

**STATEMENT 60. Estimated Distribution of Ownership of Net Canadian Long-term Funded Debt,
End of 1954 and 1964**

Classification by currency of payment

Debtor and currency	Amounts outstanding		Distribution of ownership							
			Canada		United States		United Kingdom		Other countries	
	1954	1964	1954	1964	1954	1964	1954	1964	1954	1964
millions of dollars										
Government of Canada, direct and guaranteed excluding railways:										
Payable in Canadian dollars only ¹	12,640	16,848	12,284	16,293	265	348	22	21	69	186
Payable in foreign currencies only	392	348	97	6	242	342	49	—	4	—
Payable optionally in Canadian or foreign currencies	9	—	1	—	8	—	—	—	—	—
Sub-totals	13,041	17,196	12,382	16,299	515	690	71	21	73	186
Provincial, direct and guaranteed excluding railways:										
Payable in Canadian dollars only	2,543	7,725	2,456	7,402	45	238	30	60	12	25
Payable in foreign currencies only	512	2,177	1	3	510	2,165	1	—	—	9
Payable optionally in Canadian or foreign currencies	388	84	22	17	359	66	7	1	—	—
Sub-totals	3,443	9,986	2,479	7,422	914	2,469	38	61	12	34
Municipal:										
Payable in Canadian dollars only	1,491	3,778	1,389	3,540	72	203	26	25	4	10
Payable in foreign currencies only	285	959	14	2	267	949	3	3	1	5
Payable optionally in Canadian or foreign currencies	87	48	27	22	54	25	6	1	—	—
Sub-totals	1,863	4,785	1,430	3,564	393	1,177	35	29	5	15
Railways:										
Payable in Canadian dollars only	895	1,596	850	1,461	30	52	7	12	8	71
Payable in foreign currencies only	422	394	—	21	133	105	287	247	2	21
Payable optionally in Canadian or foreign currencies	253	1	116	—	111	1	4	—	22	—
Sub-totals	1,570	1,991	966	1,482	274	158	298	259	32	92
Other corporations:										
Payable in Canadian dollars only	3,193	8,309	2,779	7,273	249	797	142	164	23	75
Payable in foreign currencies only	689	2,023	9	61	664	1,931	11	8	5	23
Payable optionally in Canadian or foreign currencies	86	78	18	20	68	58	—	—	—	—
Sub-totals	3,968	10,410	2,806	7,354	981²	2,786²	153	172	28	98
Total bonds and debentures:										
Payable in Canadian dollars only	20,762	38,256	19,758	35,969	661	1,638	227	282	116	367
Payable in foreign currencies only	2,300	5,901	121	93	1,816	5,492	351	258	12	58
Payable optionally in Canadian or foreign currencies	823	211	184	59	600	150	17	2	22	—
Totals	23,885	44,368	20,063	36,121	3,077	7,280	595	542	150	425

	1954	1964
¹ Excludes treasury bills and notes	1,530	2,140
² Includes corporate bonds held by United States parent companies and affiliates:		
Payable in Canadian dollars only	7	5
Payable in foreign currencies only	142	108
Payable optionally in Canadian or foreign currencies	39	14
Totals	188	127

Investment in Canadian Financial Institutions and Enterprises

Details of the components of the financial⁵ category of the international investment statistics for the end of 1962, 1963 and 1964 are given in

⁵ It should be noted that the enterprise is the general unit of classification employed in this report, as distinguished from the corporation normally employed as the unit in many other statistical series. Thus, for example, three largest companies normally thought of as in the beverage industry, although frequently classified to the finance industry in other series, appear in this report with manufacturing enterprises.

Statement 61. During the ten-year period ending 1964 this group of investments has grown somewhat more quickly than total foreign long-term investment in Canada. Foreign investments in the group totalled \$1,014 million at the end of 1954 when they represented about 8 per cent of total foreign long-term investment in Canada and \$2,503 million at the end of 1964 when they represented over 9 per cent of all investments.⁶ Some categories of these investments are similar to parts of "Miscellaneous investments" which are the subject of later comment.

⁶ See "About the figures - Foreign Direct and Short-term Investment in Canada, 1964, - Discontinuities" p. 65.

STATEMENT 61. Detail of Foreign Investment in Financial Category, Selected Year Ends, 1962 - 64

Type	Direct investment											
	United States			United Kingdom			Other countries			Total		
	1962	1963	1964	1962	1963	1964	1962	1963	1964	1962	1963	1964
	millions of dollars											
Banks, trust, finance, mortgage companies, investment services, brokers, insurance agents	641	738	432*	36	35	33	59	56	57	736	829	522*
Insurance companies	500	506	492	110	100	120	66	62	62	676	668	674
Real estate companies	120	125	72	51	52	75	61	72	102	232	249	249
Other holding companies	26	25	35	37	35	37	62	61	79	125	121	151
Totals as in Table X	1,287	1,394	1,031*	234	222	265	248	251	300	1,769	1,867	1,596*
	Total (Direct and portfolio investment)											
	United States			United Kingdom			Other countries			Total		
	1962	1963	1964	1962	1963	1964	1962	1963	1964	1962	1963	1964
	millions of dollars											
Banks, trust, finance, mortgage companies, investment services, brokers, insurance agents	1,008	1,189	796*	231	225	224	77	74	74	1,316	1,488	1,094*
Insurance companies	514	524	508	111	101	122	67	63	63	692	688	693
Real estate companies	149	159	215	83	82	84	76	88	118	308	329	417
Income accumulating funds ¹	164	123	42	²	²	²	²	²	²	164	123	42
Other holding companies	37	38	56	62	73	71	109	108	130	208	219	257
Totals as in Table IX	1,872	2,033	1,617*	487	481	501	329	333	385	2,688	2,847	2,503*

¹ Investment in Canadian securities only.

² Minor investment by United Kingdom and other countries is included with "Other holding companies".

Miscellaneous Foreign Investments in Canada

Statement 62 provides detailed estimates of the components of the "Miscellaneous investments" category of foreign investment in Canada. Included in this category are non-corporate commercial and residential real estate, mortgages, assets administered for non-residents by financial intermediaries such as trustees, private investment companies, and other investments such as the portion in Canada of international bridges owned in the United States. This group of investments has been growing rapidly and almost quadrupled in value in the decade from 1954 to 1964. The largest part of the total of \$2,037 million is represented by investment in Canadian securities, conservatively estimated at \$999 million at the end of 1964. Perhaps two thirds of this covers

investment in the stocks of both public and private Canadian companies and the balance investment in Canadian bonds. The next largest component is investment in mortgages on Canadian real estate, totalling \$490 million; most of this investment is by United States financial institutions. Real estate and all other investments in Canada held through these channels totalled \$275 million. Columbia River Treaty receipts, which appeared for the first time in 1964, amounted to \$273 million.⁷

The 1960 report in this series contained a note "About the figures - Miscellaneous Investments".

⁷ For a description of the arrangements related to the Columbia River Treaty, see p. 50.

STATEMENT 62. Detail of Foreign Investment in "Miscellaneous Investments"¹ Category, Year Ends, 1954-64²

Type	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	
millions of dollars												
Canadian securities	302	313	413	479	613	785	863	1,001	1,043	1,026	999	
Mortgages on Canadian real estate	109	168	250	255	295	310	355	440	440	470	490	
Real estate in Canada	115	120	125	115	115	150	160	190	195	190	205	
Columbia River Treaty	-	-	-	-	-	-	-	-	-	-	273	
Other investments	35	40	30	30	40	40	50	65	75	85	70	
Totals as in Tables VIII and IX	561	641	818	879	1,063	1,285	1,428	1,696	1,753	1,771	2,037	
Country of ownership ³												
	1961			1962			1963			1964		
	United States	United Kingdom	Other countries	United States	United Kingdom	Other countries	United States	United Kingdom	Other countries	United States	United Kingdom	Other countries
millions of dollars												
Canadian securities	215	191	595	231	195	617	234	183	609	241	176	582
Mortgages on Canadian real estate	434	3	3	434	3	3	463	3	4	482	3	5
Real estate in Canada	151	16	23	160	15	20	155	15	20	165	15	25
Columbia River Treaty	-	-	-	-	-	-	-	-	-	273	-	-
Other investments	40	13	12	47	15	13	52	20	13	45	15	10
Totals as in Tables VIII and IX	840	223	633	872	228	653	904	221	646	1,206	209	622

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

² For 1952 and 1953, see Statement 25, "The Canadian Balance of International Payments, 1960 and International Investment Position".

³ For years 1956 to 1960 (subject to minor revisions) see "The Canadian Balance of International Payments and International Investment Position" for the years 1957 to 1961 and 1962, respectively.

Number of Canadian Concerns with Some Foreign Ownership

By the end of 1964, as shown in Table XI, the number of Canadian concerns controlled abroad had risen to 7,808^a. The increases during 1962, 1963,

^a It should be noted that there may be some lag in identifying Canadian corporations in which there is foreign ownership and year-to-year changes may be subject to some distortion. See "About the figures - Foreign Direct and Short-term Investment in Canada, 1964 - Discontinuities", p. 65.

and 1964, were 172, 45, and 341 respectively. As seen in Statement 63, the Bureau's records covered almost 11,000 Canadian concerns in which non-resident capital was directly or indirectly invested in significant amounts at the end of 1964. The total number of Canadian corporations of all sorts at the beginning of that year was over 150,000. Statement 63 also shows the great corporate activity in the field of foreign investments.

STATEMENT 63. Change in Recorded Number of Canadian Concerns in which Foreign Capital is Invested, 1962 - 64

Item	Controlled in					
	United States	United Kingdom	Other foreign countries	All foreign countries	Canada	Total
1962						
Number at beginning of year	5,205	1,423	622	7,250	2,635	9,885
Add:						
New concerns with foreign capital	+ 340	+ 35	+ 44	+ 419	+ 114	+ 533
Transfers of control	+ 17	+ 9	+ 4	+ 30	+ 41	+ 71
Subtract:						
Transfers of control	- 44	- 5	- 4	- 53	- 18	- 71
Concerns now wholly-owned by Canadians	- 28	- 3	- 4	- 35	- 12	- 47
Concerns liquidated, merged, etc.	- 159	- 35	- 15	- 209	- 42	- 251
Add:						
Net increase in Canadian subsidiaries of these concerns	+ 23	- 2	- 1	+ 20	+ 45	+ 65
Number at end of year (Table XI)	5,354	1,422	646	7,422	2,763	10,185
1963						
Number at beginning of year	5,354	1,422	646	7,422	2,763	10,185
Add:						
New concerns with foreign capital	+ 265	+ 28	+ 37	+ 330	+ 109	+ 439
Transfers of control	+ 18	+ 9	+ 8	+ 35	+ 18	+ 53
Subtract:						
Transfers of control	- 24	- 6	- 3	- 33	- 20	- 53
Concerns now wholly-owned by Canadians	- 42	- 6	- 1	- 49	- 43	- 92
Concerns liquidated, merged, etc.	- 214	- 51	- 32	- 297	- 74	- 371
Add:						
Net increase in Canadian subsidiaries of these concerns	+ 47	+ 17	- 5	+ 59	+ 59	+ 118
Number at end of year (Table XI)	5,404	1,413	650	7,467	2,812	10,279
1964						
Number at beginning of year	5,404	1,413	650	7,467	2,812	10,279
Add:						
New concerns with foreign capital	+ 378	+ 68	+ 149	+ 595	+ 85	+ 680
Transfers of control	+ 25	+ 4	+ 9	+ 38	+ 22	+ 60
Subtract:						
Transfers of control	- 25	- 8	- 4	- 37	- 23	- 60
Concerns now wholly-owned by Canadians	- 17	- 12	- 7	- 36	- 49	- 85
Concerns liquidated, merged, etc.	- 191	- 56	- 39	- 286	- 70	- 356
Add:						
Net increase in Canadian subsidiaries of these concerns	+ 16	- 9	+ 60	+ 67	+ 151	+ 218
Number at end of year (Table XI)	5,590	1,400	818	7,808	2,928	10,736

Note: These numbers exclude about 250 non-resident-owned investment corporations whose Canadian assets are measured indirectly and are a component of the "Miscellaneous investments" group.

Foreign Financing of All Canadian Investment

The importance of non-resident investment in Canada in relation to gross and net capital formation in Canada over the past 20 years is shown in Statements 64 and 65 and in the charts on page 76. In the periods 1954 to 1957, and 1958 to 1961, both including years of intense capital formation, Canada's net use of foreign resources amounted to about one-third and direct foreign financing to 43 per cent and 47 per cent, respectively, of net capital formation. In the four years 1962 to 1965, however, the relative use of foreign resources was almost halved to 19 per cent mainly in reflection of the sharp narrowing in Canada's current account deficit with the rest of the world. Direct financing of net capital formation by non-residents declined moderately to 43 per cent.

The specific significance of these measures together with their definitions is described in "About

the figures - Foreign Financing of All Canadian Investment", found on page 50 of the 1960 edition of "The Canadian Balance of International Payments and International Investment Position". As indicated by ratio A2, Canadian savings were adequate to finance 66 per cent of net capital formation between 1958 and 1961 and 81 per cent between 1962 and 1965. But not all domestic savings were used for new investment in Canada. A portion of Canadian savings was, for example, invested abroad, while some savings were employed for the retirement of debts contracted abroad in earlier periods. Accordingly, since 1961 Canadian savings directly financed a smaller part of net capital formation in Canada, i.e. roughly 60 per cent, and direct foreign financing (in ratio B2) accounted for the remaining 40 per cent. Included in these non-resident savings were retained earnings generated within the Canadian economy.

STATEMENT 64. Foreign Financing of All Canadian Investment, 1946-65

Measure	1946-49	1950-53	1954-57	1958-61	1962-65 ¹
	percentages				
A. Use of foreign resources as a percentage of:					
1 gross capital formation	—	14	26	27	20
2 net capital formation	- 9	14	32	34	19
B. Direct foreign financing of:					
1 gross capital formation	19	23	31	33	33
2 net capital formation	24	29	43	47	43

¹ The incidence of a new issue placed abroad by the Government of Canada has been eliminated.

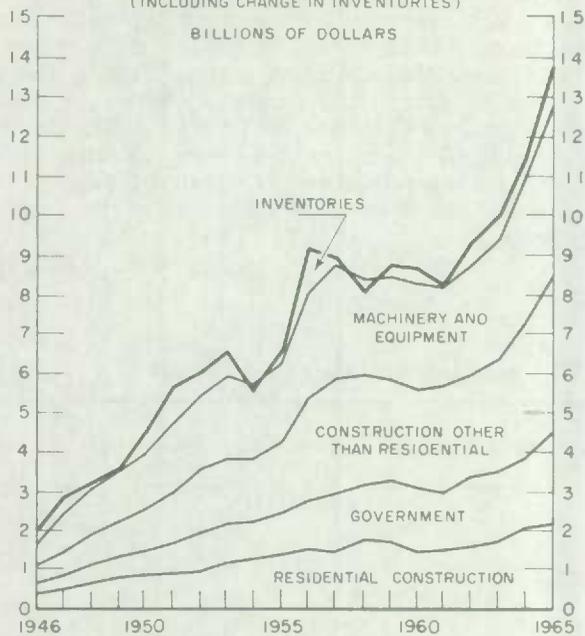
Note: For a description of statistical methods, see "About the figures - Foreign Financing of All Canadian Investment" in "The Canadian Balance of International Payments, 1960 and International Investment Position", p. 50.

Canada was a net exporter of capital in the period 1946 to 1949 as well as in some earlier years not shown in Statement 65. In these post-war years no net foreign resources were utilized in domestic capital formation as Canada was able, on balance, to invest abroad. Direct foreign financing, however, still represented about a quarter of net capital formation. With the turn of the decade, the tempo of foreign investment in Canada increased. The use of foreign resources as a proportion of gross investment rose sharply to an average of 14 per cent for the years 1950 to 1953 and to 26 per cent (1954 to 1957) and 27 per cent (1958 to 1961). However, during the four years 1962 to 1965 the proportion fell to an

average of 20 per cent. The ratios to net capital formation for these four periods were 14 per cent, 32 per cent, 34 per cent, and 19 per cent, respectively. A third of gross capital formation was financed directly in recent years by foreign capital as compared with about a fifth in the two earlier periods. Direct foreign financing of net investment almost doubled from 24 per cent to 47 per cent between 1946 and 1961 but declined to an average of 43 per cent in the period 1962 to 1965. Around 1929 and 1930 foreign capital was, relatively, even more important than in recent years. Direct foreign financing was estimated to represent at least one half of net capital formation.

FINANCING OF ALL CANADIAN INVESTMENT

COMPONENTS OF PRIVATE AND PUBLIC INVESTMENT IN CANADA
(INCLUDING CHANGE IN INVENTORIES)

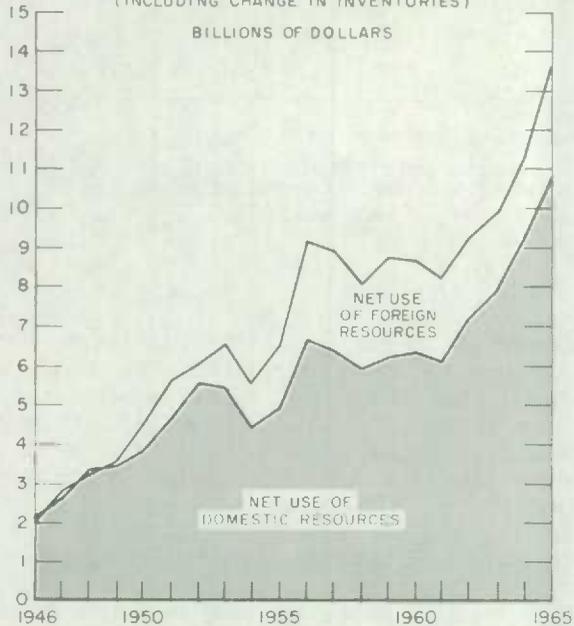


STATEMENT 65. Use of Foreign and Domestic Resources in Gross Capital Formation in Canada, 1946-65

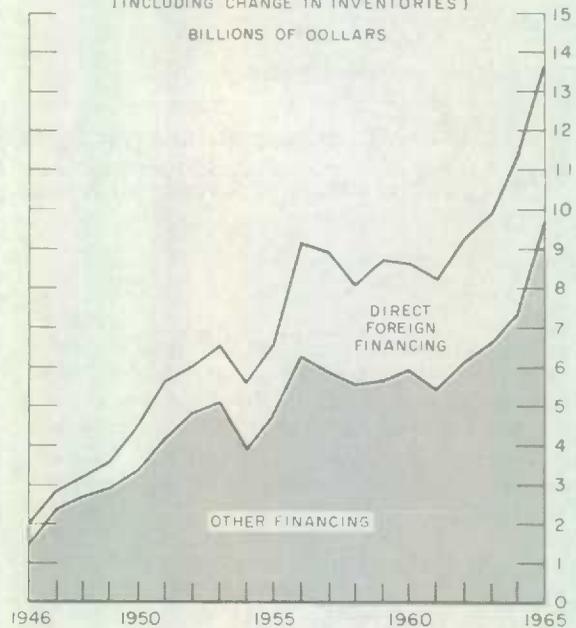
Year	Gross capital formation	Net use of domestic resources	Net use of foreign resources
billions of dollars			
1946	2.0	2.1	-.1
1947	2.8	2.6	-.2
1948	3.2	3.4	-.2
1949	3.6	3.5	.1
1950	4.5	3.8	.7
1951	5.7	4.7	1.0
1952	6.0	5.6	.4
1953	6.6	5.4	1.1
1954	5.6	4.4	1.2
1955	6.6	4.9	1.6
1956	9.1	6.7	2.4
1957	8.9	6.4	2.5
1958	8.0	6.0	2.0
1959	8.8	6.2	2.6
1960	8.7	6.4	2.3
1961	8.2	6.1	2.1
1962	9.2	7.1	2.1
1963	9.9	7.9	2.0
1964	11.3	9.3	2.0
1965	13.7	10.8	2.9

Note: For statistical method see "About the figures" in "The Canadian Balance of International Payments, 1960 and International Investment Position", p. 50.

PRIVATE AND PUBLIC INVESTMENT IN CANADA
(INCLUDING CHANGE IN INVENTORIES)



PRIVATE AND PUBLIC INVESTMENT IN CANADA
(INCLUDING CHANGE IN INVENTORIES)



Foreign Ownership and Control⁹ of Canadian Industry

The estimates appearing in Tables XII to XVI and in the statements in this section bring forward to the end of 1963 book value data which show the relative positions of Canadian and foreign investment in Canadian industry and commerce.¹⁰ In the two years for which data have now become available, there has been a growth of \$4.5 billion or more than 9 per cent in the estimated total capital employed in the selected areas of Canadian industry for which measurements have been possible, viz. manufacturing, petroleum and natural gas, mining and smelting, railways, other utilities, merchandising and construction. Non-resident-owned capital financed \$1.8 billion of the increase, while an increase of \$1.9 billion was attributable to externally controlled enterprises. These amounts were somewhat larger than in the previous two-year period reviewed in the last report but they represented slightly smaller proportions of the growth.

Taken as a group, the proportion of these industries owned by non-residents remained at 35 per cent, unchanged since 1961. The share of United States investors rose from 27 per cent to 28 per cent in 1962. Foreign ownership of manufacturing has remained at 54 per cent since 1961, while in mining and smelting the non-resident-owned proportion which rose to 63 per cent in 1962 returned to 62 per cent in 1963. Non-resident ownership in the petroleum and natural gas industry increased to 64 per cent from 63 per cent in 1961 and 1962. An increase in foreign ownership of petroleum, which was to some extent associated with the takeover of a large Canadian-controlled concern, was partly offset by increased Canadian investment in enterprises engaged in the distribution and marketing of natural gas. The declining role of foreign capital in railways, generally characteristic of the period since the beginning of World War II, continued, and is reflected in a reduction of the non-resident-owned proportion by two percentage points to 23 per cent. Non-residents maintained their 13 per cent ownership of utilities other than railways.

⁹ The term "control" as used throughout this report relates to the aggregate investments in Canada in companies whose principal owners are non-residents. Most instances are subsidiaries or branches of business enterprises located outside Canada. The essential characteristic of the group of companies is a relationship implying potential control. No attempt is made in classifying companies to measure the actual exercise of control in practice. For a detailed description of the principles followed in classifying companies in the direct investment group see "About the figures - Foreign Ownership and Control" in "The Canadian Balance of International Payments, 1961 and 1962, and International Investment Position", pp. 95-97.

¹⁰ Changes in industrial classifications in certain series used in the construction of the estimates appear to have given rise to some discontinuities for which adjustments have been made wherever possible. Some of the remaining changes may reflect those in the statistical source material. For a technical note on the statistics see "About the figures" in "The Canadian Balance of International Payments, 1960 and International Investment Position", pp. 62-63.

Similar tendencies are evident in series covering foreign control of these sectors. In the whole group of industries for which estimates are possible, the proportions controlled by residents of all foreign countries and of the United States both edged up by one percentage point in 1962 to 34 per cent and 27 per cent, respectively. In manufacturing foreign control rose in the two-year period from 59 per cent to 60 per cent, and in the petroleum and natural gas industry non-resident control increased by 2 percentage points to 74 per cent. The foreign-controlled proportion of mining and smelting fell from 59 per cent to 58 per cent in 1962 but rose to 59 per cent again in 1963. Foreign control of railways remained unchanged at 2 per cent while foreign control of utilities other than railways declined by one percentage point to 4 per cent.

In longer perspective, foreign ownership of Canadian manufacturing has increased gradually from 38 per cent in 1926 to 54 per cent in 1963 and control has expanded from 35 per cent to 60 per cent. Foreign ownership of mining and smelting has also reflected an almost uninterrupted growth from 37 per cent in 1926 to 62 per cent in 1963 and control has risen from 38 per cent to 59 per cent, which, however, was somewhat lower than in 1959. Apart from these industries there has developed a substantial petroleum and natural gas industry which in 1963 was 64 per cent foreign-owned and 74 per cent foreign-controlled. Both foreign ownership and control reached peaks in 1956 but, with the expansion of natural gas enterprises largely owned and controlled by residents, declined until 1961 and 1962, respectively, when they again began to show moderate increases. Foreign ownership and control have declined in both railways and other utilities.

Since 1926 United States ownership has risen from 19 per cent to 28 per cent of the industries covered in these comparisons, while ownership by other non-residents has fallen relatively from 18 per cent to 7 per cent. United States-control of the group has risen from 15 to 27 per cent, and control by residents of other countries from 2 per cent to 7 per cent. The marked disparity between the ownership and control ratios reflects inter alia the substantial repatriation of railway and other utility investments from the United Kingdom during the war.

Estimates of book values, upon which these ratios are based, are found in Table XVI, and a summary of the changes in the nine years ending 1963, the full period for which comparable detail is available, is given in Statement 66. These reveal that much the major part of the growth of manufacturing, petroleum and natural gas, and mining and smelting is represented by increased ownership and control by non-residents of each of these industrial sectors. At the same time the predominant part of increased investment in railways, other utilities, and merchandising and construction is represented by domestic capital.

**STATEMENT 66. Ownership and Control of Selected Canadian Industries,
Net Change in Book Values, Nine Years Ending 1963**

Item	Manu- facturing	Petroleum and natural gas	Mining and smelting	Railways	Other utilities	Merchandising and construction	Total
billions of dollars							
Ownership							
United States	2.9	2.5	1.2	-	0.8	0.3	7.6
Other foreign	0.7	0.7	0.1	-	-	0.1	1.6
Sub-totals	3.6	3.2	1.4	- 0.2	0.8	0.4	9.2
Canadian	1.8	1.6	0.6	1.4	6.1	3.3	14.7
Totals	5.4	4.8	1.9	1.2	6.9	3.7	23.9
Control							
United States	2.9	2.9	1.1	-	0.1	0.3	7.2
Other foreign	1.1	0.8	0.2	-	-	0.3	2.5
Sub-totals	4.0	3.7	1.3	-	0.1	0.6	9.7
Canadian	1.4	1.1	0.6	1.2	6.8	3.1	14.2
Totals	5.4	4.8	1.9	1.2	6.9	3.7	23.9

Note: As figures are individually rounded, totals do not necessarily equal the sum of their component parts.

More detailed data on the ownership and control of Canadian industry appear in Table XV and in Statement 67, covering most of the commodity-producing industries other than agriculture. In the manufacturing sector ten identified industrial groupings show the marked variation in the degree of non-resident ownership and control. In six of these subgroups non-resident ownership represents more than half of the total investment, and ranges between roughly 91 per cent for automobiles and parts and 20 per cent for textiles and iron and steel mills. Over the nine-year period covered in Statement 67, non-resident ownership, in relative terms, has grown faster than domestic ownership in six of the groups; rubber, pulp and paper, agricultural machinery, automobiles and parts, transportation equipment and iron and steel mills. It has fallen slightly in beverages, textiles and chemicals and has remained relatively stable in electrical apparatus. Non-resident ownership advanced 25 percentage points between the end of 1954 and 1963 in transportation equipment, 13 percentage points in automobiles and parts, and 12 percentage points in agricultural machinery enterprises.

Investment by non-residents is also important in the areas of manufacturing for which separate estimates are not available. This group accounts for well over 40 per cent of the value of manufacturing enterprises. Non-resident ownership represents about 59 per cent and has grown faster than for manufacturing as a whole.

This large group of companies classified as "Other manufacturing" shown in Table XV is quite heterogeneous. The group is made up of industrial subgroups which cannot be shown separately either because of difficulties of arriving at the total investment (and consequently the Canadian investment) using a variety of secondary sources in addition to the records of international investments, or due to the need to avoid disclosing investments in individual enterprises. The value of the estimated total investment and the Canadian investment shown are therefore subject to some reservations.

The heterogeneous nature of the group is indicated by Statement 68 showing the industrial classification of the foreign investment in companies according to broad groups presented in Table IX. It will be observed that the group "Other manufacturing" includes primary export industries such as the aluminum and lumber industries and a great variety of secondary industries mainly producing for the Canadian market, such as food, tobacco, building and construction materials and many kinds of machinery and metal processing.

Foreign ownership of the petroleum and natural gas industry rose by 4 percentage points to 64 per cent over the nine-year period. Non-resident ownership of smelting and refining of non-ferrous native ores declined from 59 per cent to 52 per cent over the nine-year period, but non-resident ownership of mining as a whole has increased on account of the rise in other mining.

**STATEMENT 67. Ownership and Control of Selected Canadian Industries,
Selected Year Ends, 1954 - 63**

Enterprise classification	Foreign ownership					Foreign control				
	1954	1957	1959	1961	1963	1954	1957	1959	1961	1963
	per cent									
Manufacturing:										
Beverages	29	28	26	26	26	20	13	13	14	17
Rubber	78	84	86	88	87	93	97	98	99	97
Textiles	21	21	22	24	20	18	19	23	23	20
Pulp and paper	51	53	52	51	52	56	55	49	46	47
Agricultural machinery ¹	37	37	43	45	49	35	38	55	50	50
Automobiles and parts	78	78	89	90	91	95	95	97	97	97
Transportation equipment n.o.p.	34	47	58	57	59	36	67	73	70	78
Primary iron and steel	16	24	25	..	..	6	26	23	..	..
Iron and steel mills .....	..	..	..	30	20*	..	..	..	25	14*
Electrical apparatus	70	70	74	73	70	77	77	81	78	77
Chemicals	64	62	61	62	63	75	75	77	76	78
Other manufacturing	46	50	52	56	59	52	57	61	66	70
Sub-totals (excluding petroleum refining)	47	50	51	54	54	51	56	57	59	60
Petroleum and natural gas	60	63	62	63	64	69	76	73	72	74
Mining:										
Smelting and refining of non-ferrous native ores	59	54	56	55	52	55	66	66	55	51
Other mining	55	56	59	64	66	49	59	59	60	62
Sub-totals	56	56	58	62	62	51	61	61	59	59
Totals of above industries	51	54	55	57	59	55	61	62	63	64

¹ Includes enterprises also engaged in the manufacture of other heavy equipment which tends to overstate foreign-owned and controlled proportion of capital actually engaged in the manufacture of agricultural implements only.

STATEMENT 68. Analysis of Foreign Investments in "Other Manufacturing", 1963

(Also shown in Table XV)

Industry classification	Owned in			
	United States	United Kingdom	Other countries	Total
	millions of dollars			
Other vegetable products, including various foods and tobacco	342	128	13	483
Animal products, including meat, dairy and leather products	147	8	7	162
Other wood products, including saw and other wood processing mills, furniture, and printing	296	29	15	340
Other iron products, including non-agricultural machinery and metal fabricating	826	53	65	944
Other non-ferrous metal products, including aluminum and metal fabricating	567	152	10	729
Non-metallic minerals, including cement, glass, and other building materials and products	171	67	83	321
Miscellaneous	115	6	1	122
Other enterprises	292	48	21	361
Totals, other manufacturing	2,756	491	215	3,462

Corresponding figures measuring foreign control of Canadian industry indicate that over the nine years from 1954 to 1963 non-resident control has risen in all the subgroups of manufacturing, except three. It ranged in 1963 from 97 per cent in the cases of rubber and of automobiles and parts, to 17 per cent in beverages and 14 per cent in iron and steel mills. In addition non-resident control of the "Other manufacturing" category has risen to 70 per cent.

Foreign control of the petroleum and natural gas industry as a whole rose sharply in the early part of the period, to 76 per cent in 1957, but subsided by the end of 1961 to 72 per cent, as a result of the growth of the natural gas industry, which tends to be more heavily financed and controlled in Canada. By 1963, however, with increased investment in petroleum, it rose to 74 per cent. Foreign control of smelting and refining increased by 11 percentage

points to 66 per cent in 1959 but then declined steadily to the end of 1963 when it stood at 52 per cent, or 7 percentage points lower than in 1954. On the other hand there has been a substantial growth of foreign control of other mining, and of mining as a whole.

Taking together the three main groups, manufacturing, petroleum and natural gas, and mining, as a

whole, non-resident ownership has risen by 8 percentage points in the nine-year period to 59 per cent at the end of 1963. At the same time foreign control has risen by 9 percentage points to 64 per cent.

Further information on the control of these industries is given in Statement 69, which also shows separately those parts of each sector represented by government enterprises at the end of each of the five years 1959 to 1963.

STATEMENT 69. Analysis of Control of Selected Canadian Industries, Year Ends, 1959-63

Industry classification	Controlled in					Controlled in				
	Total	Canada		United States	Other foreign	Total	Canada		United States	Other foreign
		Government enterprises	Private enterprises				Government enterprises	Private enterprises		
	billions of dollars					per cent				
End of 1959 ^f										
Manufacturing	11.7	0.2	4.8	5.1	1.6	100	1	42	44	13
Petroleum and natural gas	5.6	0.1	1.4	3.7	0.4	100	2	25	67	6
Other mining and smelting	3.1	0.1	1.1	1.6	0.3	100	2	37	53	8
Railways	5.2	3.5	1.6	0.1	—	100	67	31	2	—
Other utilities	8.5	5.3	2.8	0.4	0.1	100	62	33	4	1
Merchandising ¹ and construction	9.5	0.1	8.6	0.6	0.2	100	1	90	6	3
Total of above	43.6	9.2	20.4	11.5	2.5	100	21	47	26	6
End of 1960 ^f										
Manufacturing	12.2	0.3	4.8	5.4	1.8	100	2	39	44	15
Petroleum and natural gas	6.1	0.1	1.5	3.9	0.5	100	2	25	64	9
Other mining and smelting	3.3	0.1	1.2	1.7	0.3	100	2	37	53	8
Railways	5.3	3.6	1.6	0.1	—	100	68	30	2	—
Other utilities	9.2	5.6	3.1	0.4	0.1	100	61	34	4	1
Merchandising ¹ and construction	9.4	0.1	8.3	0.6	0.4	100	1	88	7	4
Total of above	45.6	9.8	20.5	12.0	3.2	100	22	45	26	7
End of 1961 ^f										
Manufacturing	12.7	0.3	4.9	5.7	1.8	100	2	39	45	14
Petroleum and natural gas	6.4	0.1	1.6	4.0	0.7	100	2	26	63	9
Other mining and smelting	3.4	0.1	1.3	1.8	0.2	100	3	38	52	7
Railways	5.4	3.7	1.6	0.1	—	100	68	30	2	—
Other utilities	10.3	6.2	3.6	0.4	0.1	100	61	34	4	1
Merchandising ¹ and construction	9.4	0.1	8.3	0.6	0.5	100	1	88	6	5
Total of above	47.6	10.5	21.3	12.6	3.1	100	22	45	26	7
End of 1962 ^f										
Manufacturing	13.1	0.3	5.0	5.9	1.9	100	2	38	45	15
Petroleum and natural gas	6.9	0.1	1.7	4.3	0.8	100	2	24	63	11
Other mining and smelting	3.6	0.1	1.4	1.9	0.2	100	3	39	52	6
Railways	5.4	3.7	1.6	0.1	—	100	68	30	2	—
Other utilities	10.6	7.3	2.8	0.4	0.1	100	69	27	4	—
Merchandising ¹ and construction	9.5	0.1	8.3	0.6	0.5	100	1	88	6	5
Total of above	49.2	11.6	20.8	13.2	3.5	100	24	42	27	7
End of 1963										
Manufacturing	13.7	0.1	5.3	6.3	1.9	100	1	39	46	14
Petroleum and natural gas	7.3	—	1.9	4.6	0.8	100	—	26	62	12
Other mining and smelting	3.8	0.1	1.5	2.0	0.3	100	1	40	52	7
Railways	5.3	3.7	1.5	0.1	—	100	69	29	2	—
Other utilities	12.2	8.3	3.4	0.4	0.1	100	68	28	4	—
Merchandising ¹ and construction	9.8	0.1	8.6	0.7	0.5	100	1	87	7	5
Total of above	52.1	12.2	22.2	14.0	3.6	100	24	42	27	7

¹ 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.

Note: As figures are rounded, totals do not necessarily equal the sum of their component parts.

About the figures -

DATA ON FOREIGN OWNERSHIP AND CONTROL IN THIS SERIES OF REPORTS AND IN ANNUAL REPORTS UNDER THE CORPORATIONS AND LABOUR UNIONS RETURNS ACT

Readers of this series of reports prepared in the Balance of Payments Section of the Dominion Bureau of Statistics (hereinafter identified as DBS) may wish to have a description of the character and relationship of the data on foreign ownership and control to somewhat similar data published in the Annual Reports under the Corporations and Labour Unions Returns Act (hereinafter identified as CALURA).

After making allowance for the qualifications attached to each series, their differences are not surprising and their results not contradictory. Each explores in a different way somewhat different groupings of corporations or enterprises (families of corporations). Each provides measures of the degree of prominence of foreign enterprises in the sectors of the Canadian economy covered.

Before discussing the reasons why different figures emerge in these reports, it may be pertinent to emphasize that both sets of series represent tabulations derived from balance sheet data classified or distributed in various ways according to the geographical origin of the capital, and are not presented as measures of behaviour.¹

The four sections into which this note is arranged provide: (1) a listing of the principal differences between the CALURA and DBS series on foreign ownership and control; (2) an indication of the extent to which the series on non-resident control are reconcilable; (3) a statistical example illustrating the different treatments followed in the series; and (4) a reference list of technical notes on the series.

1. Principal Differences

(a) **Concept.** - The main difference between the two series is one of concept. Foreign ownership as used in this DBS report refers to the proportionate share of non-residents in the capital (at book value) of a corporation or group of corporations. Capital as used in the series covers long-term debt and equity (including retained earnings) employed in Canada. The CALURA report deals with each corporation as a whole; the **entire** corporation is assigned (by degree of ownership) on the basis of the ownership of the **voting** shares. For a corporation to be assigned to the group as "50 per cent non-resident-owned", for example, 50 per cent of the number of voting shares of the corporation would have to be non-resident-owned, but the entire corporation would be assigned to this category. In contrast, in the balance of payments series covering foreign ownership, only that part of the capital (including long-term debt) employed in Canada which is actually owned by non-residents is assigned as non-resident-owned. Foreign ownership in the balance of payments is therefore applied to a value series, while under CALURA

it is a criterion of classification of companies. The concepts of foreign ownership as used in the two series are thus not comparable.

Some similarity between the sets of data exists in the area of foreign control. As used in the balance of payments reports this term is applied to value or ratio series where control of the capital of a corporation through its voting stock is the criterion of classification of the corporation. Similarly, foreign control in the CALURA series is a classification criterion applied to those corporations 50 per cent or more owned by non-residents as measured by the voting shares of the corporation (or the alternative series covering reporting corporations 50 per cent or more owned by non-residents together with their subsidiary corporations). In the balance of payments reports the value figure used is the total **capital** (long-term debt plus equity) employed in Canada, while the CALURA series uses total **assets** of the corporation as the value aggregate. These differences are described in greater detail later.

(b) **Assets vis-à-vis Capital.** - CALURA provides a classification of total assets basically by degree of non-resident ownership of the voting stocks of the corporation, either directly or through other Canadian corporations. An attempt has been made in Table II of the CALURA report for 1962 to provide comprehensive estimates of total assets for industry groups with which tabulated data may be compared. The DBS series for foreign control provides book values of long-term capital investment in Canada in corporate enterprises controlled by non-residents. Long-term investment includes both long-term debt and shareholders' equity. An attempt is made to provide comparable estimates for the book values of all long-term forms of investment in Canada for selected industry groups.

(c) **Industrial Classification.** - In the CALURA data the company is the unit used for industrial classification while the enterprise (or family of companies) is the unit in the DBS series. Even where there are apparent similarities in the industrial descriptions employed the resulting data will therefore not be fully comparable.

(d) **Consolidations.** - The CALURA data are gross in the sense that they include intercorporate items between Canadian parent companies and their subsidiaries. The DBS series are net in the sense that the enterprise concept eliminates intercorporate items between Canadian parent companies and their subsidiaries, and follow consolidated statements. Furthermore these consolidations sometimes reflect accounting adjustments and allocations beyond the mechanical process of intercorporate eliminations.

(e) **Foreign Investments.** - CALURA data are gross in the sense that they include investments outside Canada to the extent such investments are held by the Canadian corporate entity. Assets held by foreign incorporated subsidiaries are excluded from the data but the equity and debt investment by the parent in these operations is reflected in the assets of the parent in Canada. The DBS series are adjusted to exclude investment outside Canada.

(f) **Exemptions.** - The CALURA series are subject to statutory exemptions of some companies by reason of size or other characteristics and estimates for these exemptions are contained in the 1962 report only in Table II in which the assumption is implicit that less than 50 per cent of their voting stock is held by non-residents.

¹ It should also be noted that accounting practices vary widely, and that there are some grounds for believing that the practices of private companies may tend to differ from those of public companies. Private companies are more prevalent among the large companies which are foreign-controlled than among those which are controlled in Canada. To the extent that the practices show any consistent variation, a bias may be imparted to any percentage series derived from financial data.

(g) Degree of Control. — The CALURA series classified corporations according to the degree of non-resident ownership of the voting shares of the corporation and control by non-residents can only be inferred for that group of corporations, 50 per cent or more owned by non-residents. The DBS series however includes a small number of companies as non-resident-controlled in which control may be exercised without majority ownership, and correspondingly excludes a small number of companies whose majority ownership rests with non-residents but in which control may be exercised by residents.

(h) Nominee Holdings. — Another point of difference which is not likely to be as important on balance is the degree of success achieved under each of the statistical systems in identifying non-resident ownership masked through the use of Canadian nominees.

2. Reconciliation of the CALURA Series and DBS Series on Non-resident Control

A precise reconciliation of the CALURA series and the DBS series bearing on non-resident control is not feasible at this time. However, the percentages found in Table II of the CALURA Report for 1962 covering assets held by reporting corporations more than 50 per cent non-resident-owned and those for foreign-control in 1962 appearing in this report would correspond provided the following conditions existed:

(a) the reporting corporations more than 50 per cent non-resident-owned were in no way different, relatively, to the universe in respect of their short-term liabilities;

(b) the reporting corporations more than 50 per cent non-resident-owned were in no way different, relatively, to the universe in respect of their assets representing claims on or ownership of subsidiaries in Canada;

There is only fragmentary evidence of the combined effect of including or excluding short-term liabilities from the series and of possible distortion of the CALURA series because of the compounding of intercorporate items within an enterprise. From Tables A, B, C and D on pages 97 and 98 of the CALURA report for 1962, it can be established that the ratio of assets to equity among reporting corporations 50 to 100 per cent owned by non-residents and their subsidiary companies was 1.78, while in the case of reporting corporations less than 50 per cent owned by non-residents and their subsidiary corporations it was 2.12 per cent. This marked disparity could reflect both different corporate structures and lower dependence by non-resident-controlled concerns on bank loans and short-term debt. It may be noted that investments in affiliates represent a substantial item in "Taxation Statistics," but little is yet known about differences, if any, in corporate structure of foreign and domestically controlled enterprises in Canada. To the extent that the differences cited reflected only differing uses of subsidiary organizations by reporting corporations the percentage 24.8 appearing in Table II for 1962 could have been affected by about 2 percentage points.

(c) the totals were confined to the same industry groups or that the CALURA data for agriculture and services (which are not among the areas of national wealth covered in the DBS series) had broadly the same ownership characteristics, as a group, as the other industry groups;

If agriculture (which is valued at market rather than depreciated cost as in the other industry groups) and services are excluded, from the CALURA series, the percentage of gross assets held by corporations reporting under CALURA which are more than 50 per cent non-resident-owned rises sharply from 25 per cent to 30 per cent. It may be noted that any ratios must be derived from reasonably consistent industry groups, and that depending upon the framework of integration the area covered may be widened or narrowed. Some comments on a full approach will be found in the final paragraph of the note on page 63 of the 1960 balance of payments report.

CALURA series are also provided for the finance group but are not aggregated with other industry groups, since the assets of this industry largely represent claims on other business organizations already reflected in their assets, or claims on the government, personal or external sectors.

(d) the reporting corporations more than 50 per cent non-resident-owned were in no way different, relatively, to the universe in respect of their assets outside Canada;

Canadian direct investment abroad of \$2,821 million at the end of 1962 as shown in balance of payments series included \$1,131 million by Canadian companies controlled outside Canada. These figures are based on the values on the balance sheets of the foreign subsidiaries etc. rather than the values at which they are included in assets as reported under CALURA. In any event, their exclusion to arrive at assets in Canada, however valued, would not appear likely to alter the ratios significantly.

(e) there were no companies exempt under CALURA which were more than 50 per cent owned by non-residents;

In principle, the 4,137 reporting corporations and their subsidiary corporations shown in Tables A and B on page 97 of the CALURA report for 1962 correspond closely to the group of about 7,650 concerns classified as foreign-controlled in this report; the difference should be a numerical reflection of exemptions under CALURA.

Apart from the material which is presented in Part C (pp. 96-99) of the CALURA report, the CALURA data classify reporting corporations by degree of non-resident ownership. The group more than 50 per cent non-resident-owned does not correspond to corporations 50 per cent or more owned by non-residents and their subsidiary corporations, but the differences are on balance not large; total assets varied between \$27.2 billion and \$26.9 billion, total equity between \$15.3 billion and \$14.7 billion.

It is not possible to produce estimates corresponding to the CALURA items for the substantial number of small companies which appear to have been exempt, nor is it known to what extent their inclusion would have shifted the ratios.

(f) the assets in corporations more than 50 per cent non-resident-owned which residents were in a position to control were equal to the assets in corporations 50 per cent or less non-resident-owned which non-residents were in a position to control.

The extent to which this is the case cannot be established at this time, but the amount of discrepancy is probably not large.

3. Statistical Example

The balance sheets which follow are presented as the basis for a highly simplified exercise in the application of the various statistical procedures employed.

Item	Unconsolidated				Consolidation entries	A Consolidated
	Canadian company			Foreign company		
	A	B	C	D		
Current assets	350	75	75	50	-	550
Investments in subsidiaries:						
B	250				- 250	
C	120				- 120	
D	200				- 200	
Fixed assets	1,000	500	650	500		2,650
Less depreciation	- 720	- 175	- 225	- 100		- 1,220
Total assets	1,200	400	500	450	- 570	1,980
Current liabilities	250	50	50	50		400
Long-term debt	350	100	100		- 50	500
Of which:						
Owned by A		(50)			(- 50)	
Owned by non-residents	(200)	(50)				(250)
Minority interest in subsidiaries					140	140
Capital	500	200	200	200	- 600	500
Of which:						
Owned by A		(200)	(120)	(200)	(- 520)	
Owned by non-residents	(375)					(375)
Earned surplus	100	50	150	200	- 60	440
Total liabilities	1,200	400	500	450	- 570	1,980

Corporations and Labour Unions Returns Act. — Under CALURA separate returns would be filed by companies A, B and C (unless in an exempt class). Processing would yield the following results:

Company:	Degree of non-resident ownership (per cent)	Total assets	Total equity
A	75	1,200	600
B	75	400	250
C	45	500	350

(Degree of non-resident ownership represents the proportion of voting stock held by non-residents, directly or beneficially through other Canadian corporations.) Each of these companies could be attributed to a different industry classification but the total impact of them on the CALURA series would be as follows:

Degree of non-resident ownership:	Total assets	Total equity
75-94.9 per cent	1,600	850
25-49.9 per cent	500	350
Totals	2,100	1,200

From the balance sheets it may be noted that on a consolidated basis (i.e. exclusive of the double counting of intercorporate items) the assets of companies A, B and C would aggregate only 1,730 (including 200 invested outside Canada in Company D). The consolidated equity would total 880 (which might also be considered to include some capital employed outside Canada).

DBS Balance of Payments Section Series. — The non-resident owners of Company A are in an unequivocal position to control companies A, B and C and these are all classified as foreign-controlled notwithstanding the fact that the degree of non-resident ownership in C is less than 50%. The measure used is long-term capital employed in the enterprise less the element outside Canada; in other words the value of long-term investment in Canada. This measure would in practice be constructed mainly from the consolidated values for A, as follows:

Long-term debt	500
Minority interest	140
Capital stock	500
Earned surplus	440
Sub-total	1,580

From this would be deducted the long-term capital employed outside Canada, in this case the equity in Company D

The value established for long-term investment in Canada in enterprise A would therefore be established as

1,180

Neither the CALURA series nor the DBS series for control involves apportioning investment between resident and non-resident sources. The statistical unit as a whole is first classified (as to degree of non-resident ownership or as to control); each series then proceeds to tabulate differing measures (e.g. total assets, total equity, long-term investment in Canada).

On the other hand DBS series for foreign ownership measures sources of capital. For this purpose the value attributed to foreign long-term investment in Canada in enterprise A would be calculated as follows:

Long-term debt held by non-residents.....	250
Equity held by non-residents (75% of 500 + 440)	705
Less:	
Equity of non-residents in Company D (75% of 400)	
Total foreign long-term investment in Canada in enterprise A	655

The Canadian-owned investment in the enterprise in Canada would be 525. DBS tabulations would attribute the various values entirely to the industry representing the principal activity of companies A, B and C, in this case probably the industry of A.

Percentage series for foreign control and ownership are obtained by relating the value data to corresponding estimates for the whole industry.

4. Reference List of Technical Descriptions

The principal technical descriptions which will be useful in a comprehensive study of the relationship of data collected under the Corporations and Labour Unions Returns Act with Series produced in the Balance of Payments Section of the DBS are listed below.

Scattered throughout each of the sources is a good deal of descriptive material to assist readers in recognizing the limitations of the data and the difficulties of interpreting them.

"CALURA: Report for 1962":

- (a) Note to Table I on page 17, which indicates that throughout the report all totals are derived from the addition of items appearing on the balance sheets or income statements of individual corporations, and therefore reflect the inclusion of substantial inter-corporate financial items which would be eliminated in a consolidation of the corporate sector of the economy.
 - (b) Note 3 on page 18, which provides a highly synoptic description of the statistical processes used in the report and summarizes the principal sources of difference between them and related DBS series.
 - (c) Parts B and C of Appendix B (Reporting Requirements, Concepts and Definitions) on pages 93 to 99, which describe the concept and measurement of degree of non-resident ownership of corporations reporting under the Act, majority control without majority ownership of voting shares of corporations in Canada, and nominee shareholders.
- DBS "The Canadian Balance of International Payments and International Investment Position":
- (d) Statistical note on pages 55 and 56 of the issue for 1960, which describes the industrial classification of enterprises.
 - (e) Statistical note on pages 62 and 63 of the issue for 1960, which describes the estimates of the value of total capital and resident-owned capital in some areas of national wealth.
 - (f) Statistical note on pages 95 to 97 of the issue for 1961 and 1962, which describes the concepts of foreign ownership and control as used in the report.

Manufacturing Operations in Canada of Foreign-controlled Enterprises

A new survey covering 1961 confirms the importance in the Canadian manufacturing industry of foreign-controlled enterprises, as well as the important role which foreign investment plays in total Canadian economic activity¹¹. According to the survey's findings, in 1961, 1,464 foreign-controlled manufacturing establishments representing the bulk of foreign-controlled investment in Canadian manufacturing and comprising 4.5 per cent of all manu-

facturing establishments in Canada, accounted for 29.4 per cent of all employment provided, 34.5 per cent of all salaries and wages paid, and 40.4 per cent of all factory shipments made by Canadian manufacturing establishments. Regionally, the relative importance of foreign-controlled plants was greatest in Ontario, where their shipments represented 48 per cent of total shipments and lowest in British Columbia, where 27 per cent of shipments came from foreign-controlled plants. Foreign control varied much more widely by industrial group; the selling value of foreign-controlled factory shipments ranged from 2.3 per cent of the clothing industries' total to 89.9 per cent of the total for the petroleum and coal products' industries.

The selected United States-controlled manufacturing establishments numbered 1,104 (3.4 per cent of manufacturing establishments) and accounted for factory shipments valued at \$7,896 million or some 46 per cent more than the corresponding figure of \$5,420 million for 1953. This represented almost 33 per cent of 1961 shipments by all manufacturing establishments or nearly 3 percentage points more than in 1953. The 289 establishments controlled in the United Kingdom constituted 0.9 per cent of all

¹¹ The results of the 1961 survey together with those of the 1946 and 1953 surveys are shown in Tables XVII A to XX E. Supplementary data are published in the summary statements accompanying this section of the report. It will be noted that the tables are divided into four main groups. In addition to giving an indication of the degree of coverage provided in the three surveys Tables XVII A to XVII E show investment and production data classified according to principal activity of the enterprise. The remaining tables show production data only. In Tables XVIII A and XVIII B these data are classified by geographic regions of Canada, in Tables XIX A to XIX C, by establishment and twenty industry grouping and in Tables XX A to XX E, by establishment and nine industry grouping.

establishments and gave rise to factory shipments valued at \$1,568 million or 6.5 per cent of all Canadian factory shipments. Shipments of \$327 million (1.3 per cent of total factory shipments) originated with the 71 establishments controlled in all other foreign countries.

On average, the selected foreign-controlled enterprises provided more employment per establishment, higher wages and salaries, and a higher output per employee than the average for all manufacturing industry. Selected establishments controlled in the United States, the United Kingdom and other foreign countries had, an average, 258, 267, and 153 employees, respectively, compared with the industry average of 39; paid salaries and wages per employee of \$4,889, \$4,661, and \$4,805, respectively (the industry average was \$4,136) and had shipments per employee of \$27,758, \$20,329, and \$30,212 compared with the industry-wide figure of \$19,165. The value added by manufacture per employee averaged \$11,999, \$9,406 and \$11,904 respectively for enterprises controlled in the United States, United Kingdom and other countries compared with an average of \$8,445 for all enterprises.

In part, these differences¹² probably reflect the generally higher capital intensity of the foreign-controlled enterprises covered in the survey, with the possibility that their manufacturing operations include a higher degree of vertical integration and are more concentrated in those industries which call for large amounts of capital. It is also likely that there is a concentration of foreign interest in the larger firms with greater potential. There is, naturally, relatively little foreign ownership in industries characterized by large numbers of small establishments that make up a significant part of industrial operations. (In fact, ten such industries—saw-mills, bakeries, butter and cheese plants, pasteurizing plants, feed manufacturers, men's and women's clothing factories, printing and publishing, printing and bookbinding, and household furniture—seven of which are among the 20 leading industries—together account for 40 per cent of the total number of manufacturing establishments.)

In 1961 aggregate investment in Canadian manufacturing industry by United States-controlled manufacturing enterprises averaged \$18,600 per employee engaged in manufacturing or some 92 per cent more than the \$9,700 per employee average for the whole industry. Aggregate investment per employee by

United Kingdom and other foreign-controlled manufacturing enterprises averaged \$17,500 and \$40,300.¹³

Although it was necessary to limit the survey in 1961, as in 1946 and 1953, to a study of foreign-controlled enterprises with an aggregate investment in Canada of \$1 million or more (book value), as it was not practical to trace individually the controlling interest in each of 32,000 or so manufacturing establishments in Canada, the general increase in the size of enterprises together with price changes has made coverage more complete in 1961. In 1961 there were 578 selected foreign-controlled manufacturing enterprises in Canada, of which 465, 86 and 27 were controlled in the United States, United Kingdom and other foreign countries, respectively. They constituted almost 95 per cent of aggregate foreign-controlled investment in Canadian manufacturing industries.

The percentage of aggregate investment in United States-controlled manufacturing companies covered by the selected enterprises was somewhat higher in 1961 at 94 per cent than in both 1953, when the 303 enterprises falling within this category constituted 90 per cent of the total, and 1946, when 150 enterprises constituted 81 per cent of the total. The selected companies controlled in the United Kingdom and other foreign countries in 1961 formed 96.8 per cent and 95.5 per cent of their respective totals.

The proportion of total foreign-controlled investment in the manufacturing industry covered by these larger enterprises in 1961 varied from 78 per cent in the case of miscellaneous manufactures to almost 98 per cent in the case of wood paper products.¹⁴ The coverage of United States-controlled enterprises in 1961 ranged from 77 per cent (textiles) to 98 per cent (wood and paper products) compared with a range of 68 per cent (textiles) to 96 per cent (non-ferrous metals) in 1953 and with a range of 37 per cent (textiles) to 90 per cent (animal products and non-ferrous metals) in 1946.

¹³ It has not been possible to make the production and investment data, from which these averages have been calculated, entirely compatible. In general, the production data published in this report relate to the operations of the manufacturing establishments of both manufacturing and non-manufacturing enterprises. With the exception of averages of investment per employee and per establishment, all the averages published here are compiled on this basis. In the case of the investment averages, it is considered more appropriate to exclude details of the manufacturing establishments of non-manufacturing enterprises, as the investment data pertain to manufacturing enterprises only. It will also be noted that the investment data include amounts of investment in non-manufacturing activities by manufacturing enterprises.

¹⁴ Details of coverage are available for the nine principal manufacturing activities only (Tables XVII A to XVII E). For the 20 industry groups and individual industries the range of coverage may vary more widely.

¹² Unfortunately, it was not possible to assemble information relating to the Canadian-controlled enterprises with an aggregate investment of between \$1 million and \$25 million. Corresponding comparisons for the over \$25 million capital group on p. 89 present a more meaningful picture because the averages per establishment relate to the same size group for both foreign and Canadian-controlled enterprises. It is to be expected that establishment averages for foreign-controlled enterprises will be much greater when they are compared to averages for the total universe irrespective of size considerations.

The 1961 survey also provides fuller coverage of the manufacturing establishments of those foreign-controlled enterprises which were principally engaged in non-manufacturing activities.

Capital Size Structure.—Statements 70 to 72, which give details of the manufacturing operations of Canadian and foreign-controlled establishments in 1961, by size of aggregate investment and country of control, draw attention to the great importance to the Canadian manufacturing industry of enterprises with an aggregate investment in Canada of over \$25 million and to the importance of foreign-controlled

enterprises, and United States-controlled enterprises in particular, to this capital size grouping.

Statement 73¹⁵ classifies United States-controlled manufacturing enterprises in Canada at the end of 1946, 1953, and 1960 by size of investment while Statement 74 classifies all foreign-controlled enterprises in Canada at the end of 1960 according to size of investment, country of control and principal activity.

¹⁵ Statements 73 and 74 revise data first published in Statement 41 and Statements 39-48, respectively, of "The Canadian Balance of International Payments, 1961 and 1962, and International Investment Position".

STATEMENT 70. Selected Data relating to Aggregate Investment in Enterprises whose Principal Activity is Manufacturing, End of 1960

Aggregate investment in Canada	Enterprises	Aggregate investment ¹		
		Total	Average per manufacturing establishment	Average per employee engaged in manufacturing
	No.	millions of dollars	\$'000	
More than \$25 million, controlled in:				
United States	37	3,000	9,868	22.1
United Kingdom	11	960	7,330	21.4
Other foreign countries	4	192	23,947	144.0
Sub-totals, outside Canada	52	4,152	9,371	22.8
Canada	33	2,859	6,601	18.9
Totals, all enterprises	85	7,011	8,002	21.0
\$1 to \$25 million, controlled in:				
United States	428	1,815	2,525	14.7
United Kingdom	75	356	2,578	11.8
Other foreign countries	23	157	3,087	21.4
Sub-totals, outside Canada	526	2,328	2,564	14.4
More than \$1 million, controlled in:				
United States	465	4,815	4,707	18.6
United Kingdom	86	1,316	4,892	17.5
Other foreign countries	27	349	5,915	40.3
Totals, outside Canada	578	6,480	4,796	18.9
Totals, all manufacturing enterprises .....	..	12,247	378	9.7

¹ These figures include details of investment by the manufacturing enterprises in non-manufacturing activities.

STATEMENT 71. Totals and Averages per Establishment and Employee for Principal Statistics of Manufacturing for Selected Foreign-controlled Enterprises, 1961¹

Classification by size of aggregate investment in Canada and country of control

Item		Enterprises with an aggregate investment in Canada								
		More than \$25 million controlled in								
		United States	United Kingdom	Other foreign countries	All foreign countries	Canada	All countries			
Establishments	No.	364	134	12	510	474	984			
Total employees	"	159,409	45,302	2,034	206,745	169,152	375,897			
Average per establishment	"	438	338	170	405	357	382			
Total salaries and wages	\$ million	840	218	12	1,070	823	1,893			
Average per establishment	\$'000	2,308	1,632	968	2,099	1,735	1,924			
Average per employee	\$	5,270	4,829	5,711	5,177	4,863	5,036			
Value added by manufacture	\$ million	2,086	447	35	2,568	1,860	4,428			
Average per establishment	\$'000	5,731	3,339	2,881	5,036	3,924	4,500			
Average per employee	\$	13,087	9,877	16,998	12,422	10,997	11,781			
Selling value of factory shipments	\$ million	5,208	997	121	6,326	4,290	10,616			
Average per establishment	\$'000	14,306	7,446	10,060	12,404	9,050	10,788			
Average per employee	\$	32,668	22,023	59,349	30,598	25,360	28,241			
		Enterprises with an aggregate investment in Canada								
		\$1 million to \$25 million controlled in				More than \$1 million controlled in				All enterprises
		United States	United Kingdom	Other foreign countries	All foreign countries	United States	United Kingdom	Other foreign countries	All foreign countries	
Establishments	No.	740	155	59	954	1,104	289	71	1,464	32,415
Total employees	"	125,035	31,841	8,792	165,668	284,444	77,143	10,826	372,413	1,264,946
Average per establishment	"	169	205	149	174	258	267	153	254	39
Total salaries and wages	\$ million	551	141	40	732	1,391	359	52	1,802	5,231
Average per establishment	\$'000	774	908	685	767	1,260	1,244	733	1,231	161
Average per employee	\$	4,403	4,422	4,596	4,417	4,889	4,661	4,805	4,839	4,136
Value added by manufacture	\$ million	1,327	278	94	1,699	3,413	725	129	4,267	10,682
Average per establishment	\$'000	1,793	1,795	1,598	1,781	3,092	2,511	1,815	2,915	330
Average per employee	\$	10,611	8,736	10,726	10,257	11,999	9,406	11,904	11,459	8,445
Selling value of factory shipments	\$ million	2,688	571	206	3,465	7,896	1,568	327	9,791	24,243
Average per establishment	\$'000	3,632	3,681	3,498	3,632	7,152	5,427	4,607	6,688	748
Average per employee	\$	21,498	17,919	23,471	20,915	27,758	20,329	30,212	26,291	19,165

¹ Including the manufacturing operations of selected enterprises principally engaged in non-manufacturing activities.

STATEMENT 72. Statistics of Manufacturing Operations of Canadian and Selected Foreign-controlled Establishments, 1961
Classification by size of aggregate investment and country of control

Aggregate Investment in Canada	Estab-lish-ments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory ship-ments ¹	Percentage of all Canadian manufacturing establishments					
							Estab-lish-ments	Em-ploy-ees	Sala-ries and wages	Cost at plant of ma-terials used	Value added by manu-facture	Selling value of factory ship-ments ¹
	number		millions of dollars				per cent					
More than \$25 million, controlled in:												
United States.....	364	159,409	840	3,010	2,086	5,208	1.1	12.6	16.1	22.9	19.5	21.5
United Kingdom.....	134	45,302	218	528	447	997	0.4	3.6	4.2	4.0	4.2	4.1
Other foreign countries	12	2,034	12	84	35	121	0.1	0.1	0.2	0.7	0.3	0.5
Subtotals, outside Canada.....	510	206,745	1,070	3,622	2,568	6,326	1.6	16.3	20.5	27.6	24.0	26.1
Canada	474	169,152	823	2,314	1,860	4,290	1.4	13.4	15.7	17.6	17.5	17.7
Totals, all enterprises.....	984	375,897	1,893	5,936	4,428	10,616	3.0	29.7	36.2	45.2	41.5	43.8
\$1 million to \$25 million, controlled in:												
United States.....	740	125,035	551	1,336	1,327	2,688	2.3	9.9	10.5	10.2	12.4	11.1
United Kingdom.....	155	31,841	141	284	278	571	0.5	2.5	2.7	2.2	2.6	2.4
Other foreign countries	59	8,792	40	110	94	206	0.1	0.7	0.8	0.8	0.9	0.8
Subtotals, outside Canada.....	954	165,668	732	1,730	1,699	3,465	2.9	13.1	14.0	13.2	15.9	14.3
More than \$1 million, controlled in:												
United States.....	1,104	284,444	1,391	4,346	3,413	7,896	3.4	22.5	26.6	33.1	31.9	32.6
United Kingdom.....	289	77,143	359	812	725	1,568	0.9	6.1	6.9	6.2	6.8	6.5
Other foreign countries	71	10,826	52	194	129	327	0.2	0.8	1.0	1.5	1.2	1.3
Totals, outside Canada.....	1,464	372,413	1,802	5,352	4,267	9,791	4.5	29.4	34.5	40.8	39.9	40.4
Canada	30,951	892,533	3,429	7,776	6,415	14,452	95.5	70.6	65.5	59.2	60.1	59.6
Less than \$1 million, controlled in: All countries												
Totals, all enterprises.....	32,415	1,264,946	5,231	13,128	10,682	24,243	100.0	100.0	100.0	100.0	100.0	100.0

¹ Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

Enterprises with an Aggregate Investment of Over \$25 Million. — A large proportion of the investment in foreign-controlled as well as in Canadian-controlled manufacturing enterprises is concentrated in relatively few concerns. At the end of 1960 out of the total of \$6.8 billion invested in foreign-controlled manufacturing enterprises, (exclusive of the integrated petroleum industry) nearly \$4.2 billion or 61 per cent was attributable to 52 concerns, each with an aggregate investment in Canada of over \$25 million. The book value of investment in the 33 very large Canadian-controlled manufacturing enterprises amounted to \$2.9 billion or about 53 per cent of aggregate Canadian-controlled investment.

However, United States and United Kingdom-controlled investment in manufacturing enterprises was more heavily concentrated in very large concerns than was either Canadian or other foreign-controlled investment. At the end of 1960 the 37 very large concerns controlled in the United States comprised \$3.0 billion or 59 per cent of the total

of \$5.1 billion invested in United States-controlled manufacturing enterprises in Canada. Nearly 71 per cent, or \$1.0 billion, of the aggregate investment in United Kingdom-controlled manufacturing enterprises was provided by the 11 United Kingdom-controlled concerns which came within this capital size group, while 52 per cent or \$0.2 billion of the aggregate investment in manufacturing enterprises controlled in other foreign countries came from 4 concerns in this group.

It is not surprising that a greater proportion of the investment in foreign, than in Canadian, controlled manufacturing enterprises falls into this category. Foreign enterprises wishing to invest in, or trade with, Canada (and this often leads to investment) face various barriers, such as distance and communication difficulties, differences in business practices and marketing techniques, which place the large enterprise, because of its greater resources, at an advantage over the smaller. Because of United States' proximity to Canada, the similarity of many

of the commercial practices and institutions of the two countries, the widespread influence of United States advertising and consumption patterns on the Canadian market, etc., these barriers are far less important to United States than to United Kingdom enterprises, and this, together with historical factors may explain the much higher concentration of United Kingdom investment in the very large manufacturing enterprises. Investment in manufacturing enterprises controlled in other foreign countries, however, does not appear to conform quite so easily with this explanation. Other foreign investment in very large manufacturing enterprises, at 52 per cent of the total was lower than the Canadian figure. However, other foreign investment in manufacturing enterprises with an aggregate investment in Canada of over \$10 million at the end of 1960 constituted over 80 per cent of total investment in manufacturing enterprises by other foreign countries, or only slightly lower than the corresponding figure of 83 per cent for the United Kingdom and some 9 percentage points higher than the equivalent United States figure.

The comparative importance of investment in United States-controlled manufacturing enterprises with an aggregate investment in Canada of over \$25 million has arisen sharply since 1946 and 1953. In 1946 only 8 United States-controlled concerns came within this group and they covered 32 per cent of the total investment in United States-controlled manufacturing enterprises. At the end of 1953, 22 United States-controlled concerns accounted for nearly 53 per cent of the total, and by 1960, there were, of course, 37 enterprises accounting for 59 per cent of the total.

The increase in the value of United States-controlled investment in this category between 1953 and 1960 approximated \$1.4 billion. In part, this reflects the addition of \$0.7 billion representing the value at the end of 1960 of 14 enterprises each valued at \$25 million or less in 1953 and the formation of one new enterprise since 1953. An additional \$0.1 billion or so of the increase stemmed from United States acquisition of three enterprises which, in 1953, were controlled in Canada and had an aggregate investment of more than \$25 million. The rest of the increase (\$0.6 billion) came principally from retention of earnings and new capital raised by the 19 concerns remaining in this category since 1953. (Of the 22 original concerns in the group, control of one was acquired by Canadian residents and two were merged with other concerns in the group between 1953 and 1960.)

In 1961, although constituting only 3 per cent of Canada's 32,415 manufacturing establishments, the 984 establishments of enterprises (both foreign and Canadian-controlled) with an aggregate investment in Canada of more than \$25 million provided

29.7 per cent of all employment, 36.2 per cent of all salaries and wages paid, and 43.8 per cent of the factory shipments, of Canadian manufacturing industry. As might be expected, salaries and wages paid by establishments in this group, at \$5,036 per employee, were significantly higher than the manufacturing industry average of \$4,136 but in total represented only 42.7 per cent of value added by manufacture compared with the industry average of 49.0 per cent, presumably reflecting higher capital intensity.

The average number of employees per establishment at 382 was almost ten times the industry average of 39, and value added per employee was also appreciably higher (\$11,781 compared with \$8,445). The aggregate investment per employee engaged in manufacturing, at \$21,000, was more than double the industry average of \$9,700;¹⁶ this may, in part, reflect the existence of highly integrated concerns whose operations extend vertically into non-manufacturing activities, although it should be noted that the large manufacturing establishments of petroleum and mining, whose value is excluded, are highly capital intensive.

Establishments controlled in Canada which numbered 474 and represented 48.2 per cent of establishments in this category accounted for only 42.0 per cent of value added by manufacture and 40.4 per cent of factory shipments by the group. Foreign-controlled establishments comprised 51.8 per cent of the group total but produced \$6,326 million of shipments (59.6 per cent of total shipments from establishments in this group or 26.1 per cent of total Canadian factory shipments).

The 364 United States-controlled establishments in the group accounted for 42.4 per cent of total employment provided by the largest enterprises, or 2.6 percentage points less than Canadian-controlled establishments, but registered 47.1 per cent of the value added and 49.1 per cent of factory shipments or 5.1 and 8.7 percentage points respectively more than the Canadian-controlled establishments. Establishments controlled in the United Kingdom and other foreign countries represented 13.4 per cent and 1.0 per cent respectively of establishments in this category but produced only 10.1 per cent and 0.8 per cent, respectively, of value added.

On average, United States-controlled establishments in this group had more employees, paid higher salaries and wages, and achieved a higher value of output per employee and per establishment than either their Canadian or United Kingdom-controlled counterparts. United States-controlled establishments had on average some 438 employees, compared with the Canadian 357 and United Kingdom 338 (and 39 for all manufacturing establishments); paid \$5,270

¹⁶ See footnote 13, p. 85.

in salaries and wages per employee compared with the \$4,853 and \$4,829 per employee paid respectively by the Canadian and United Kingdom-controlled establishments (and the manufacturing industry average of \$4,136); and the value added by their manufacturing activities was \$13,087 per employee compared with figures of \$10,997, \$9,877 and \$8,445 respectively for Canada, the United Kingdom and all manufacturing industry. On average, however, establishments controlled in other foreign countries paid higher wages (\$5,711) per employee and achieved a higher net product per employee (\$16,998) but had

fewer employees (170) than their United States, United Kingdom and Canadian-controlled counterparts. Establishments of manufacturing enterprises controlled in other foreign countries had an aggregate investment per employee engaged in manufacturing of \$144,000 or over 6 times the United States average investment per employee of \$22,100. The United Kingdom average was a slightly lower, at \$21,400, while the Canadian figure of \$18,900 was the lowest of the four categories.¹⁷

¹⁷ See footnote 13 p. 85.

**STATEMENT 73. United States-controlled Manufacturing Enterprises¹ in Canada,
Selected Year Ends, 1946 - 60**
Classification by size of investment

Aggregate investment in Canada	Enterprises			Aggregate investment in Canada			United States ownership		
	1946	1953	1960	1946	1953	1960	1946	1953	1960
	Number			Millions of dollars					
More than \$25 million	8	22	37	464	1,634	3,000	329	1,084	2,438
\$10 to \$25 million	22	29	42	362	401	639	331	370	556
1 to 10 million	118	251	386	340	749	1,176	331	699	1,106
Less than \$1 million.....	742	855	1,039	300	315	287	272	294	248
Totals	890	1,157	1,504	1,466	3,099	5,102	1,263	2,447	4,348
	Per cent								
More than \$25 million	1	2	2	32	53	59	26	44	56
\$10 to \$25 million	3	2	3	25	13	12	26	15	13
1 to 10 million	13	22	26	23	24	23	26	29	25
Less than \$1 million.....	83	74	69	20	10	6	22	12	6
Totals	100	100	100	100	100	100	100	100	100

¹ Data exclude petroleum refiners shown elsewhere.

STATEMENT 74. Foreign-controlled Enterprises in Canada, End of 1960¹

Classification by principal activity, country of control, and size of investment.

Item	Manufacturing, controlled in				Petroleum and natural gas, controlled in			Mining and smelting, controlled in		
	United States ²	United Kingdom ²	Other foreign countries	All foreign countries	United States ²	United Kingdom and other foreign countries	All foreign countries	United States	United Kingdom and other foreign countries	All foreign countries
Number										
Enterprises:										
More than \$25 million	37	11	4	52	26	} 4	47	{ 13	4	29
\$10 to \$25 million	42	11	6	59	18					
1 to \$10 million	386	64	17	467	69	14	83	50	14	64
Less than \$1 million	1,039	108	55	1,202	92	12	104	158	19	177
Totals	1,504	194	82	1,780	205	30	234	233	37	270
Millions of dollars										
Aggregate investment:										
More than \$25 million ²	3,000	960	192	4,152	3,281	} 532	4,077	{ 1,313	224	1,762
\$10 to \$25 million	639	162	102	903	264					
1 to \$10 million	1,176	194	55	1,425	271	36	307	172	42	214
Less than \$1 million	287	43	17	347	41	5	46	40	7	47
Totals	5,102	1,359	366	6,827	3,857	573	4,430	1,750	273	2,023
Direct investment:										
More than \$25 million	2,438	465	100	3,003	2,413	} 389	3,029	{ 1,034	56	1,256
\$10 to \$25 million	556	116	64	736	227					
1 to \$10 million	1,106	151	47	1,304	222	35	257	118	31	149
Less than \$1 million	248	36	15	299	23	4	27	30	4	34
Totals	4,348	768	226	5,342	2,885	428	3,313	1,348	91	1,439
All enterprises in Canada, controlled in										
	Utilities (excluding pipelines), controlled in all foreign countries	Merchandising, controlled in all foreign countries	Financial, controlled in all foreign countries	Other, controlled in all foreign countries	United States	United Kingdom	Other foreign countries	All foreign countries		
Number										
Enterprises:										
More than \$25 million	4	7	11	} 4	92	16	7	113	122	985
\$10 to \$25 million	5	7	16							
1 to \$10 million	36	106	179	70	712	185	88	308	3,607	
Less than \$1 million	60	1,093	465	515	2,780	519	308			
Totals	105	1,213	671	589	3,676	736	417		4,827	
Millions of dollars										
Aggregate investment:										
More than \$25 million ²	350	402	956	} 69	9,015	1,705	556	11,276	1,899	3,012
\$10 to \$25 million	76	114	241							
1 to \$10 million	131	273	539	193	2,244	528	240	921		
Less than \$1 million	20	195	168	101	665	180	76			
Totals	577	984	1,904	363	13,365	2,639	1,104	17,108		
Direct investment:										
More than \$25 million	107	258	681	} 25	6,825	813	360	7,998	1,475	2,626
\$10 to \$25 million	61	89	187							
1 to \$10 million	108	245	469	155	1,992	431	203	773		
Less than \$1 million	9	165	147	92	569	139	65			
Totals	285	757	1,464	272	10,549	1,535	788	12,872		

¹ This statement revises the 1960 figures published in "The Canadian Balance of International Payments, 1961 and 1962, and International Investment Position", (DBS Catalogue No. 67-201 Annual) in Statements 39 to 48 where figures for 1946 and 1953 are also published.

² At the end of 1960, aggregate investment in private and government enterprises controlled in Canada with an aggregate investment in Canada of over \$25 million was as follows:

	Manufacturing	Petroleum and natural gas	Mining and smelting	Utilities	Merchandising	Financial	Other
millions of dollars							
Private enterprises	2,630	892	565	4,367	610	3,148	..
Government enterprises	229	128	66	8,643	27	-	..

Enterprises with an Aggregate Investment of \$1 Million to \$25 Million.—The 526 foreign-controlled manufacturing enterprises which had an aggregate investment in Canada of between \$1 million and \$25 million at the end of 1960 provided \$2.3 billion or 34 per cent of the total of \$6.8 billion invested in foreign-controlled manufacturing enterprises. The 954 establishments of foreign-controlled enterprises¹⁸ in this capital size group, representing 2.9 per cent of all Canadian manufacturing establishments, gave rise to 13.1 per cent of the employment, 14.0 per cent of salaries and wages, 15.9 per cent of the value added by manufacture, and 14.3 per cent of factory shipments provided by the Canadian manufacturing industry. Although, on average, the number of employees per establishment (174); average salaries and wages paid per employee (\$4,417); value added (\$10,257) and factory shipments (\$20,915) per employee were appreciably lower than the corresponding items in the over \$25 million capital size group, in each case they exceeded the averages for the whole manufacturing industry.

United States-controlled enterprises were easily the most important in this capital size group. Their 740 establishments represented 77.6 per cent of establishments in this category (the 155 United Kingdom establishments comprised 16.2 per cent of the total and the 59 establishments of other foreign countries 6.2 per cent). They provided 75.5 per cent of the employment compared with the United Kingdom's 19.2 per cent and the 5.3 per cent of other foreign countries; paid 75.3 per cent of salaries and wages (the United Kingdom and other foreign countries paid 19.2 per cent and 5.5 per cent respectively); and contributed 78.1 per cent of the value added and 77.6 per cent of total factory shipments (United Kingdom figures were 16.4 per cent and 16.5 per cent, respectively, and other foreign countries' figures 5.5 per cent and 5.9 per cent respectively) of the respective totals for this category.

On average, establishments controlled in other foreign countries had fewer employees (149) than either United Kingdom (205) or United States (169) controlled establishments. However they paid higher salaries and wages (\$4,596 per employee compared with \$4,422 for the United Kingdom and \$4,403 for United States-controlled enterprises) and produced more value added and factory shipments per employee (\$10,726 and \$23,471 compared with \$10,611 and \$21,498 for the United States and \$8,736 and \$17,919 for the United Kingdom) than corresponding enterprises controlled in the United States and the United Kingdom. There were appreciable differences between the average selling value of factory shipments and value added per employee of the United Kingdom-controlled enterprises and the corresponding enterprises of the other two foreign categories. Indeed the selling value of factory shipments from United Kingdom-controlled factories, at \$17,919 per employee was somewhat below the average of \$19,165

for the whole manufacturing industry, and value added per employee was not substantially higher than the manufacturing industry average. However, the average investment per employee engaged in manufacturing in United Kingdom-controlled manufacturing enterprises in this capital size group, at \$11,800, was only about \$2,100 higher than the manufacturing industry average and was rather less than the average for the United States (\$14,700) and other foreign countries (\$21,400).

Industry Distribution.—Statistics of the manufacturing operations of all Canadian and selected foreign-controlled establishments, classified by industry, are given in Tables XX A to XX E. These tables classify the 1961 data according to the same nine industry groupings used in the 1946 and 1953 surveys. In addition, the data for 1961 are classified into twenty industry groupings in accordance with the Standard Industrial Classification (revised 1960) in Tables XIX A to XIX C.

It will be seen that in 1961 foreign-controlled manufacturing operations were most heavily concentrated in the petroleum and coal products industries where they represented 89.9 per cent of total factory shipments, in the transportation equipment industries (75.2 per cent), chemicals and chemical products industries (61.5 per cent) and electrical products industries (55.0 per cent). Conversely the impact of foreign control was lowest in the clothing industries, and printing, publishing and allied industries where foreign-controlled shipments formed only 2.3 per cent and 5.9 per cent of total shipments.

The importance of United States control ranged widely from the clothing industries where the value of shipments from United States-controlled plants constituted only 2.3 per cent of the industry group total to the petroleum and coal products industries (79.5 per cent). In every industry group apart from the tobacco products industries shipments from establishments controlled in the United Kingdom and all other foreign countries (excluding the United States) kept below 20 per cent of total shipments by the group.

Statement 75 shows the relative importance of establishments of the selected foreign-controlled enterprises to the twenty leading Canadian industries in 1961 determined by selling value of their factory shipments. These industries accounted in that year for 50.7 per cent of the total shipments from Canadian factories. The industries are ranked in the statement by the compound annual growth rates of their factory shipments from 1957 to 1963. It will be seen that foreign-controlled establishments provided 44.9 per cent of the shipments of these twenty industries or a rather higher proportion than their 40.4 per cent share of total Canadian shipments. Some degree of foreign control was evident in 1961 in all but two of these industries (printing and publishing, and metal stamping, pressing and coating). In six of the industries foreign control (as measured by the proportion of total factory shipments) exceeded 60 per cent. Foreign control was strongest

¹⁸ This includes the manufacturing establishments of selected enterprises principally engaged in non-manufacturing activities.

in motor vehicle manufacturing where it accounted for 99.0 per cent of the selling value of factory shipments, petroleum refining (91.2 per cent) and aircraft and parts manufacturers (87.2 per cent). In contrast, shipments from foreign-controlled butter

and cheese plants, men's clothing factories and pasteurizing plants comprised 2.9 per cent, 4.1 per cent and 9.3 per cent of total factory shipments from these respective industries.

STATEMENT 75. Selling Value of Factory Shipments of Selected Foreign-controlled Manufacturing Establishments and of All Canadian Manufacturing Establishments for the Twenty Leading Industries in 1961, Ranked by Compound Annual Growth Rates of Factory Shipments, 1957 - 63

Industry	All Canadian manufacturing establishments			Selected foreign-controlled manufacturing establishments	
	1957	1963	Compound annual growth rate 1957-63	1961	As percentage of all Canadian manufacturing establishments 1961
	\$ million		%	\$ million	%
Motor vehicle parts and accessories manufacturers	279.4	544.9	11.8	260.6	73.9
Metal stamping, pressing and coating industry	286.4	483.0	9.1	—	—
Motor vehicle manufacturers	941.2	1,528.7	8.4	862.5	99.0
Feed manufacturers	222.5	339.7	7.3	46.9	16.2
Manufacturers of industrial chemicals	366.3	553.8	7.1	297.6	62.4
Fruit and vegetable canners and preservers	259.1	379.0	6.5	158.1	48.2
Miscellaneous machinery and equipment manufacturers	398.2	577.1	6.4	193.8	49.6
Sawmills (except shingle mills).....	484.3	690.7	6.1	84.2	15.8
Miscellaneous food manufacturers	343.0	487.2	6.0	190.6	46.7
Iron and steel mills	711.1	963.2	5.2	110.6	14.0
Totals, 20 leading industries	10,798.3	14,589.6	5.1	5,513.8	44.9
Totals, all industries	21,452.3	28,942.7	5.1	9,790.9	40.4
Slaughtering and meat packing plants	868.2	1,142.3	4.7	158.7	14.7
Petroleum refining	1,007.0	1,322.1	4.6	1,079.7	91.2
Pasteurizing plants	356.8	457.7	4.2	38.2	9.3
Pulp and paper mills	1,415.8	1,793.2	4.0	691.2	42.3
Butter and cheese plants	265.1	335.1	4.0	9.3	2.9
Printing and publishing	313.3	389.7	3.7	—	—
Bakeries	324.2	394.5	3.3	57.9	15.7
Smelting and refining	1,265.3	1,520.2	3.1	958.9	65.2 ¹
Men's clothing factories	273.8	326.9	3.0	11.3	4.1
Aircraft and parts manufacturers	417.3	360.6	-2.1	303.7	87.2

¹ Value added by manufacture by the selected foreign-controlled manufacturing establishments in this industry, however, represented 90.0 per cent of the total value added in 1961 by all Canadian manufacturing establishments.

Statement 75 also ranks the twenty leading industries in 1961 by the compound annual growth rate of their factory shipments between the years 1957 and 1963.¹⁹ No clear pattern emerges from these figures to link foreign-controlled plants with increased shipments during this period. Both the industry which recorded the highest growth rate in shipments between these two years and the industry which recorded the only decrease had high levels of

foreign control. Furthermore the industry showing the second highest growth rate and the industry showing the lowest growth rate were entirely or almost entirely controlled in Canada. (The largest growth rate of 11.8 per cent was recorded by motor vehicle parts and accessories manufacturers; in 1961, 73.9 per cent of the selling value of shipments of this industry came from selected foreign-controlled enterprises. The decrease of 2.1 per cent per annum occurred in aircraft parts manufacturers where in 1961, 87.2 per cent of shipments came from selected foreign-controlled establishments.)

¹⁹ These are the earliest and latest years for which comparable data are available at the date of publication.

Regional Distribution.—In 1961, as in 1963, foreign control of Canadian manufacturing operations was strongest, both in absolute and relative terms, in Ontario and Quebec, the provinces in which Canadian manufacturing industry is most heavily concentrated. (In 1961 Ontario and Quebec accounted for 49 per cent and 30 per cent respectively of the selling value of Canada's factory shipments, or roughly the same proportion as in 1953.) Statement 76 shows

that in 1961 the value of shipments from the plants of the selected foreign-controlled enterprises exceeded 48 per cent and 34 per cent of all factory shipments from Ontario and Quebec, respectively. The corresponding figures for the other geographic regions were 33 per cent (Atlantic Provinces), 33 per cent (Prairie Provinces) and 27 per cent (British Columbia).

STATEMENT 76. Statistics of Manufacturing Operations of Selected Foreign-controlled Establishments, 1961

Classification by geographic region and country of control

Region	Estab-lish-ments	Employ-ees	Salaries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory shipments ¹
	No.			millions of dollars		
Atlantic Provinces						
Controlled in:						
United States	23	3,705	16	109	55	166
United Kingdom	23	9,275	45	67	68	143
Other foreign countries	4	83	—	—	1	2
Totals, all foreign countries	50	13,063	61	176	124	311
Quebec						
Controlled in:						
United States	218	71,209	342	923	824	1,776
United Kingdom	74	26,938	126	300	264	584
Other foreign countries	22	3,978	19	102	54	157
Totals, all foreign countries	313	102,125	487	1,325	1,142	2,517
Ontario						
Controlled in:						
United States	664	182,864	900	2,703	2,149	4,935
United Kingdom	129	35,666	165	376	338	715
Other foreign countries	23	4,722	22	50	46	95
Totals, all foreign countries	815	223,252	1,087	3,129	2,533	5,745
Prairie Provinces						
Controlled in:						
United States	119	12,613	50	357	207	575
United Kingdom	28	2,991	13	29	27	58
Other foreign countries	10	848	5	26	17	44
Totals, all foreign countries	156	16,452	78	412	251	677
British Columbia²						
Controlled in:						
United States	81	14,053	73	254	178	444
United Kingdom	37	2,273	10	40	28	68
Other foreign countries	14	1,195	6	16	11	29
Totals, all foreign countries	130	17,521	89	310	217	541
Total						
Controlled in:						
United States	1,104	284,444	1,391	4,346	3,413	7,896
United Kingdom	289	77,143	359	812	725	1,568
Other foreign countries	71	10,826	52	194	129	327
Totals, all foreign countries	1,464³	372,413	1,802	5,352	4,267	9,791

See footnotes at end of table.

STATEMENT 76. Statistics of Manufacturing Operations of Selected Foreign-controlled Establishments, 1961 - Concluded

Region	Percentage of all Canadian manufacturing establishments					
	Estab-lish-ments	Employ-ees	Salaries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory shipments ¹
	per cent					
Atlantic Provinces						
Controlled in:						
United States	1.0	6.1	7.8	21.2	13.9	17.7
United Kingdom	1.0	15.2	22.1	13.2	17.2	15.2
Other foreign countries	0.2	0.1	0.2	0.1	0.3	0.2
Totals, all foreign countries	2.2	21.4	30.1	34.5	31.4	33.1
Quebec						
Controlled in:						
United States	2.0	16.8	21.0	23.2	25.7	24.2
United Kingdom	0.7	6.4	7.8	7.5	8.2	8.0
Other foreign countries	0.2	0.9	1.1	2.6	1.7	2.1
Totals, all foreign countries	2.9	24.1	29.9	33.3	35.6	34.3
Ontario						
Controlled in:						
United States	5.5	30.9	34.6	42.7	39.6	41.3
United Kingdom	1.1	6.0	6.3	5.9	6.2	6.0
Other foreign countries	0.2	0.8	0.9	0.8	0.8	0.8
Totals, all foreign countries	6.8	37.7	41.8	49.4	46.6	48.1
Prairie Provinces						
Controlled in:						
United States	3.2	13.8	16.6	29.1	26.4	28.1
United Kingdom	0.8	3.3	3.6	2.3	3.5	2.8
Other foreign countries	0.3	0.9	1.2	2.1	2.2	2.2
Totals, all foreign countries	4.3	18.0	21.4	33.5	32.1	33.1
British Columbia²						
Controlled in:						
United States	2.3	14.4	16.5	23.8	20.6	22.5
United Kingdom	1.0	2.3	2.3	3.7	3.2	3.5
Other foreign countries	0.4	1.2	1.5	1.5	1.3	1.4
Totals, all foreign countries	3.7	17.9	20.3	29.0	25.1	27.4
Total						
Controlled in:						
United States	3.4	22.5	26.6	33.1	31.9	32.6
United Kingdom	0.9	6.1	6.9	6.2	6.8	6.5
Other foreign countries	0.2	0.8	1.0	1.5	1.2	1.3
Totals, all foreign countries	4.5	29.4	34.5	40.8	39.9	40.4

¹ Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

² Also includes Yukon and Northwest Territories.

³ Totals corrected for the exceptional allocation of the establishments of an international enterprise to more than country of control.

In every region without exception, companies controlled in the United States (followed by companies controlled in the United Kingdom) provided the major proportion of all shipments emanating from foreign-controlled manufacturing plants.

United States control was greatest in Ontario where it represented over 41 per cent of all factory shipments, or 1.6 percentage points more than in 1953. In absolute terms, the value of factory shipments by United States-controlled companies in

Ontario during 1961 amounted to \$4,935 million, or over 20 per cent of total Canadian shipments and 40 per cent more than the equivalent 1953 figure of \$3,525 million. The relative importance of United States control of Quebec manufacturing industry declined slightly between 1953 and 1961. In 1961 United States-controlled plants contributed 24 per cent, or 1.2 percentage points less than in 1953, of total shipments from factories in the province. However, during the eight-year period the actual value of shipments from Quebec's United States-controlled factories rose by 30 per cent from \$1,368 million to \$1,776 million. During the years 1953 to 1961 United States companies extended their control over the manufacturing industries of the other three geographic regions quite substantially. In the Prairie Provinces the value of shipments from United States-controlled factories increased from 1953's level of \$293 million, or 20.8 per cent of the region's total factory shipments to \$575 million (28.1 per cent of total shipments) in 1961. A considerable part of this increase can be attributed to heavy United States investment in the nickel and petroleum refining industries, although pulp and paper, chemicals and slaughtering and meat packing also showed significant increases. In the Atlantic Provinces in 1961, \$166 million, or 17.7 per cent of the region's total shipments, came from United States-controlled factories. This represents an appreciable increase since 1953 when United States-controlled factories produced \$69 million or 9.2 per cent of the regional total, and is almost entirely explained by the increased output of United States-controlled petroleum refineries. The aluminum refining, wood, pulp and paper, and petroleum refining industries were responsible for most of the increases in shipments from United States-controlled companies in British Columbia. In contrast with 1953, when they

accounted for only \$164 million, or 12.0 per cent of the province's shipments, United States-controlled establishments in 1961 were the source of 22.5 per cent (\$444 million) of all British Columbia shipments.

The relative importance of United Kingdom control in 1961 varied quite considerably from region to region. Factory shipments from United Kingdom-controlled plants represented less than 3 per cent of total shipments of the Prairie Provinces, but, in contrast, in the Atlantic Provinces they exceeded 15 per cent of the total, and in Newfoundland 32 per cent of the total, (individual figures for the other Atlantic Provinces were: Nova Scotia, 24 per cent, New Brunswick, 3 per cent and Prince Edward Island, nil). Indeed the value added by manufacture at United Kingdom-controlled plants in the Atlantic Provinces, at 17.2 per cent, constituted a higher proportion of the regional total than value added by United States-controlled plants (13.9 per cent); United Kingdom-controlled plants in the Atlantic Provinces provided 2½ times more employment than the United States-controlled plants (15.2 per cent of the regional total compared with 6.1 per cent) and had a salaries and wages bill which was nearly three times larger (22.1 per cent compared with 7.8 per cent). In Quebec, Ontario and British Columbia shipments from United Kingdom-controlled establishments formed 8.0 per cent, 6.0 per cent and 3.5 per cent respectively of each province's total shipments.

In no case did shipments from plants controlled in other foreign countries constitute a significant part of a region's total shipments. The highest proportion of a regional total was in the Prairie Provinces (2.2 per cent), the lowest in the Atlantic Provinces (0.2 per cent).

STATEMENT 77. Regional Sources of Total Selling Value of Factory Shipments from the Canadian Establishments of Selected Foreign-controlled Enterprises, 1961

Region	Controlled in			
	All foreign countries	United States	United Kingdom	Other foreign countries
	per cent			
Atlantic Provinces	3.2	2.1	9.2	0.5
Quebec	25.7	22.5	37.2	48.0
Ontario	58.7	62.5	45.6	29.2
Prairie Provinces	6.9	7.3	3.7	13.6
British Columbia ¹	5.5	5.6	4.3	8.7
Totals	100.0	100.0	100.0	100.0
Per cent of total Canadian shipments	40.4	32.6	6.5	1.3

¹ Also includes Yukon and Northwest Territories.

It will be seen from Statement 77 that the regional distribution of foreign-controlled manufacturing operations in Canada varied quite significantly according to the country of control. In each instance manufacturing was concentrated in Ontario and Quebec. Overall, Ontario was easily the most important location; accounting for 58.7 per cent of all foreign-controlled manufacturing activity in Canada in terms of factory shipments. Quebec accounted for 25.7 per cent of all foreign-controlled manufacturing activity. For United States and United Kingdom-controlled companies Ontario was the most impor-

tant manufacturing region; their Ontario and Quebec plants accounted for 62.5 per cent and 22.5 per cent respectively (United States-controlled companies) and 45.6 per cent and 37.2 per cent respectively (United Kingdom-controlled companies) of total factory shipments from their Canadian plants. However, the situation was reversed in the case of the other foreign-controlled companies. Their Quebec plants accounted for 48.0 per cent of their total factory shipments compared with their Ontario plants 29.2 per cent.

About the figures -

MANUFACTURING OPERATIONS OF SELECTED FOREIGN-CONTROLLED ENTERPRISES

The information published in this report has been obtained by collating data collected in the Census of Manufactures for 1961 and data relating to the ownership and control of Canadian industry at the end of 1960 as published in "The Canadian Balance of International Payments, 1961 and 1962 and International Investment Position" (DBS Catalogue No. 67-201).

This survey is the latest in a series of three which was commenced in 1949 when the Bureau published a special report on important United States direct investment in Canada including statistics of their manufacturing operations. This was followed by a similar study covering the year 1953.¹

The present survey is more ambitious than either of the earlier surveys. In addition to data relating to selected enterprises controlled in the United States, it provides details of the manufacturing operations of selected enterprises controlled in the United Kingdom and other foreign countries. For the first time, too, it has been possible to provide some information about the manufacturing activities of enterprises classified according to the size of their aggregate investment in Canada. This has made possible, inter alia, the inclusion of details of Canadian-controlled enterprises with data relating to the manufacturing operations of enterprises with an aggregate investment in Canada of more than \$25 million.² Thus, the reader is enabled for the first time to compare the manufacturing operations of Canadian-controlled enterprises with foreign-controlled enterprises of an equivalent capital size. When making such comparisons, however, considerable caution should be used. The reader should bear in mind the distinction between enterprises and companies on the one hand, and establishments on the other. The investment data published throughout this report are based on the book value of capital investment in Canadian enterprises.

¹ The first report, relating to the year 1946, was published in 1949 as "U.S. Direct Investments in Canada: Statistics of Investments in All Companies and Operations of the larger Manufacturing Companies". This report is now out of print. Details of the 1953 study were published in "Canada's International Investment Position, 1926-1954" with supplementary information being included in "The Canadian Balance of International Payments, 1955, and International Investment Position". The figures for 1946 and 1953 which appear in the present study have been revised to correspond as closely as possible with the 1961 data.

² For practical reasons it has not been possible to provide information relating to the Canadian-controlled enterprises with an aggregate investment of \$25 million or less.

The whole of the book value of the enterprise is classified by the principal activity in which it is engaged. Statistics of industrial operations on the other hand are compiled by establishment³ or plant, each individual component of the enterprise being treated separately. The significance of this is far-reaching. The typical modern enterprise, which consists of one or more companies under common ownership and financial control, produces a wide range of differentiated goods and services, and has establishments operating in industries other than the one in which it is principally engaged. Even enterprises engaged in the same principal activity vary substantially in respect of the degree and nature of their involvement in subsidiary industries. It should be noted, in this connection, that the statistics of industrial operations published in this report include details of the manufacturing operations of enterprises classified as non-manufacturing with regard to their principal activity and that the aggregate investment figures for enterprises classified as manufacturing include their investment in non-manufacturing activities.

Attention is also drawn to two major breaks, in 1960 and 1961, in the continuity of the series of industry statistics upon which this survey is partly based and which therefore affect the comparability of the 1961 statistics published in this report with statistics for 1953 and 1946. The 1961 data reflect the introduction of a revised industrial classification and a change in the definition of the reporting unit (establishment).

The revised Standard Industrial Classification, introduced in 1960⁴, resulted in substantial changes in a number of industries because of the shifting of establishments from one industry to another or because of re-grouping of establishments into different industry classes. From 1961 onwards establishments (accounting entities) which are not primarily engaged in manufacturing are no longer included as manufacturing establishments in the basic industry statistics.

³ For statistical purposes an "establishment" is defined as the smallest unit which is a separate operating entity capable of reporting all elements of basic industrial statistics. See the "Standard Industrial Classification Manual", DBS Catalogue No. 12-501, Occasional.

⁴ There has been one other revision (in 1948) in the Standard Industrial Classification in the period spanned by the three studies. Where time series have been provided in this present study, the data included have been made as consistent as possible with those produced by the original study relating to 1946.

STATEMENT 78. Original and Revised Data, Number of Establishments and Selling Value of Factory Shipments, 1960

Province or industrial group	Number of establishments			Selling value of factory shipments		
	Original	Revised	Difference	Original	Revised	Difference
	number			millions of dollars		
Atlantic Provinces	2,998	2,357	- 641	943	912	- 31
Quebec	11,961	11,093	- 868	7,206	7,075	- 131
Ontario	13,387	12,090	- 1,297	11,686	11,480	- 206
Prairie Provinces	4,327	3,682	- 645	1,973	1,901	- 72
British Columbia ¹	4,009	3,630	- 379	1,940	1,912	- 28
Canada	36,682	32,852	- 3,830	23,748	23,280	- 468
Food and beverage industries	8,488	7,598	- 890	4,880	4,668	- 212
Tobacco products industries	40	39	- 1	334	334	-
Rubber industries	92	89	- 3	323	328	5
Leather industries	608	580	- 28	268	266	- 2
Textile industries	924	886	- 38	811	796	- 15
Knitting mills	362	356	- 6	198	200	2
Clothing industries	2,391	2,306	- 85	771	763	- 8
Wood industries	7,490	5,730	- 1,760	1,068	1,007	- 61
Furniture and fixture industries	2,099	2,070	- 29	348	342	- 6
Paper and allied industries	581	565	- 16	2,128	2,126	- 2
Printing, publishing and allied industries	3,462	3,410	- 52	866	846	- 20
Primary metal industries	418	404	- 14	2,743	2,729	- 14
Metal fabricating industries	2,896	2,756	- 140	1,433	1,413	- 20
Machinery industries	533	519	- 14	642	637	- 5
Transportation equipment industries	687	677	- 10	2,001	2,000	- 1
Electrical products industries	548	536	- 12	1,176	1,166	- 10
Non-metallic mineral products	1,331	1,296	- 35	647	639	- 8
Petroleum and coal products	96	91	- 5	1,198	1,150	- 48
Chemicals and chemical products	1,143	1,063	- 80	1,374	1,358	- 16
Miscellaneous manufacturing industries	2,493	1,881	- 612	539	512	- 27

¹ Also includes Yukon and Northwest Territories.

Some indication of the effect of these changes is given in Statement 78 which compares manufacturing data compiled on the original and revised bases and which should be consulted by all comparing the 1961 statistics, when classified by industry or geographic region, with figures for 1946 or 1953.

It will be noted that the greatest difference (\$212 million) occurred in the food and beverage industries. About \$119 million of this is explained by the removal of a new industry—the poultry processors' industry, which was introduced for the first time in 1960. The remaining difference is mainly attributable to the transfer of several hundred feed reports, which were found to be principally engaged in trade, from the manufacturing

universe to non-manufacturing industries. The difference of \$61 million in the wood industries total resulted mainly from the transfer of a large number of sawmills out of manufacturing to other industries and a change from a value of production basis (lumber sawn by contract was formerly given full value) to a value of shipments basis (revenue for only contract sawing). A difference of \$48 million in the value of shipments in the petroleum and coal products industries was mainly caused by discontinuation of the practice of including, with the value of products made for sale, products made for own use (mostly fuel oil) in petroleum refineries. (Further information concerning these changes can be found in the "General Review of the Manufacturing Industries of Canada", and 1961, DBS Catalogue No. 31-201.)

SECTION 1

Tables 1 to 10 relate to the
Canadian Balance of International Payments

Other related text and statements are listed in the
Table of Contents at the front of the report.

TABLE 1. Summary of the Canadian Balance of International Payments, 1926-65

Year	Current account									Capital account			Change in official holdings of gold, foreign exchange and net IMF balance ⁵
	Totals ¹		Balances						Long-term forms ³	Short-term forms ⁴	Net movement		
	Receipts	Payments	Merchandise trade	Non-merchandise transactions	Official contributions, including wartime grants ²	Totals	United States	United Kingdom				Other countries	
millions of dollars													
1926	1,665	1,538	299	- 172	-	127	- 231	58	300	..	..	- 128	- 1
1927	1,633	1,643	158	- 168	-	10	- 248	- 19	257	- 10	27	17	7
1928	1,788	1,820	132	- 164	-	32	- 349	- 21	338	- 110	93	- 17	- 49
1929	1,646	1,957	- 94	- 217	-	311	- 437	- 99	225	182	92	274	- 37
1930	1,297	1,634	- 93	- 244	-	337	- 344	- 106	113	392	- 19	373	36
1931	972	1,146	21	- 195	-	174	- 205	- 54	85	87	54	141	- 33
1932	808	904	97	- 193	-	96	- 168	- 14	86	55	38	93	- 3
1933	829	831	164	- 166	-	2	- 113	26	85	- 41	37	- 4	- 6
1934	1,020	952	164	- 96	-	68	- 80	46	102	- 91	27	- 64	4
1935	1,145	1,020	206	- 81	-	125	- 29	62	92	- 150	27	- 123	2
1936	1,430	1,186	342	- 98	-	244	- 1	122	123	- 244	-	- 244	-
1937	1,593	1,413	265	- 85	-	180	- 77	135	122	- 159	- 21	- 180	-
1938	1,361	1,261	195	- 95	-	100	- 149	127	122	- 33	- 67	- 100	..
1939	1,457	1,331	193	- 67	-	126	- 116	137	105	- 14	- 112	- 126	..
1940	1,776	1,627	196	- 47	-	149	- 292	343	98	- 186	40	- 146	3
1941	2,458	1,967	468	23	-	491	- 318	734	75	- 191	268	77	568
1942	3,376	3,277	1,109	- 8	- 1,002	99	- 180	223	56	- 903	130	- 773	- 674
1943	4,064	3,376	1,471	- 265	- 518	688	- 19	648	59	114	- 438	- 324	364
1944	4,557	4,499	2,192	- 1,174	- 960	58	31	- 28	55	147	69	216	274
1945	4,456	3,768	2,032	- 486	- 858	688	36	151	501	190	- 210	- 20	668
1946	3,365	3,002	571	- 111	- 97	363	- 607	500	470	- 715	86	- 629	- 266
1947	3,748	3,699	188	- 101	- 38	49	- 1,134	633	550	- 721	4	- 717	- 668
1948	4,147	3,696	432	42	- 23	451	- 393	486	358	43	- 2	41	492
1949	4,089	3,912	293	- 110	- 6	177	- 601	446	332	- 29	- 20	- 49	128
1950	4,230	4,549	7	- 321	- 5	319	- 385	24	42	610	431	1,041	722
1951	5,147	5,659	- 151	- 352	- 9	512	- 945	223	210	666	- 98	568	56
1952	5,673	5,486	485	- 282	- 16	187	- 830	387	630	455	- 605	- 150	37
1953	5,493	5,941	- 60	- 363	- 25	448	- 907	132	327	649	- 239	410	- 38
1954	5,248	5,672	18	- 431	- 11	424	- 800	229	147	599	- 51	548	124
1955	5,859	6,546	- 211	- 452	- 24	687	- 1,029	332	10	414	229	643	- 44
1956	6,475	7,847	- 728	- 614	- 30	1,372	- 1,650	253	25	1,490	- 70	1,420	48
1957	6,529	7,980	- 594	- 817	- 40	1,451	- 1,579	120	8	1,320	26	1,346	- 105
1958	6,452	7,589	- 176	- 908	- 53	1,137	- 1,167	97	- 67	1,153	93	1,246	109
1959	6,813	8,300	- 421	- 994	- 72	1,487	- 1,221	16	- 282	1,179	297	1,476	- 11
1960	7,136	8,369	- 148	- 1,024	- 61	1,233	- 1,359	169	- 43	929	265	1,194	- 39
1961	7,788	8,716	173	- 1,045	- 56	928	- 1,341	195	218	930	288	1,218	290
1962	8,423	9,253	184	- 978	- 36	830	- 1,092	225	37	688	297	985	155
1963	9,289	9,810	503	- 959	- 65	521	- 1,148	417	210	637	30	667	146
1964	10,747	11,171	701	- 1,056	- 69	424	- 1,635	605	606	820	- 33	787	363
1965 ^p	11,464	12,547	118	- 1,109	- 92	1,083	- 1,912	510	319	713	527	1,240	157

¹ Excludes mutual aid to NATO countries; these amounts are:

1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
millions of dollars															
57	145	200	246	284	222	157	107	142	63	43	35	41	23	47	39

² Data for 1942 to 1946 include the 1942 \$1,000 million gift to the United Kingdom, mutual aid, contributions to UNRRA and military and other relief; subsequent data cover official contributions of a non-military nature.

³ The years 1927 to 1937 includes direct investments, new issues, retirements and trade in outstanding issues of Canadian securities, trade in outstanding issues of foreign securities, and insurance transactions. The years 1938 to 1945 include new issues, retirements and trade in outstanding issues of Canadian securities, trade in outstanding issues of foreign securities, net loans and advances by the Government of Canada.

⁴ Includes balancing item representing difference between direct measurements of current and capital accounts. Figures for 1927 to 1945 include all capital movements in forms not recorded as long-term.

⁵ The years 1927 to 1937 include gold holdings only.

TABLE 2. Annual Statements of the Canadian Balance of International Payments, 1961-65

No.	Account	Between Canada and all countries					Between Canada and the United States				
		1961	1962	1963	1964	1965 ^P	1961	1962	1963	1964	1965 ^P
millions of dollars											
A	Current receipts:										
1	Merchandise exports (adjusted).....	5,889	6,387	7,082	8,238	8,745	3,213	3,767	3,970	4,396	4,993
2	Mutual aid to NATO countries	35	41	23	47	39	..	..	..	..	..
3	Gold production available for export	162	155	154	145	138	162	155	154	145	138
4	Travel expenditures	482	562	609	662	747	435	512	549	590	660
5	Interest and dividends	213	202	230	332	310	112	120	155	100	204
6	Freight and shipping	486	509	563	644	673	230	259	279	301	327
7	Inheritances and immigrants' funds	104	124	151	169	211	51	61	65	77	91
11	All other current receipts	452	484	500	557	640	336	345	342	359	393
12	Total current receipts	7,823	8,464	9,312	10,794	11,503	4,539	5,219	5,514	6,058	6,806
B	Current payments:										
1	Merchandise imports (adjusted)	5,716	6,203	6,579	7,537	8,627	3,828	4,205	4,458	5,204	6,034
4	Travel expenditures	642	605	585	712	779	459	419	388	481	531
5	Interest and dividends	764	783	860	1,010	1,071	630	656	727	850	919
6	Freight and shipping	568	595	648	679	755	333	353	378	399	442
7	Inheritances and emigrants' funds	176	175	185	201	211	136	139	152	157	160
9	Official contributions	56	36	65	69	92	..	..	..	..	..
10	Mutual aid to NATO countries	35	41	23	47	39	..	..	..	..	..
11	All other current payments	794	856	888	963	1,012	494	539	559	602	632
12	Total current payments	8,751	9,294	9,833	11,218	12,586	5,880	6,311	6,662	7,693	8,718
C	Current account balance:										
1	Merchandise trade	+ 173	+184	+503	+ 701	+ 118	- 615	- 438	- 488	- 808	-1,041
2	Other transactions, excluding B 9	-1,045	-978	-959	-1,056	-1,109	- 726	- 654	- 660	- 827	- 871
3	Official contributions	- 56	- 36	- 65	- 69	- 92	..	..	..	..	..
4	Totals	- 928	-830	-521	- 424	-1,083	-1,341	-1,092	-1,148	-1,635	-1,912
D	Capital account:										
	Direct investment:										
1	Direct investment in Canada	560	505	280	270	405	366	328	220	188	353
2	Direct investment abroad	- 80	-105	-135	- 95	- 125	- 25	6	- 36	- 35	- 70
	Canadian securities:										
3.1	Trade in outstanding bonds and debentures	61	64	39	77	62	74	84	35	38	28
3.2	Trade in outstanding common and preference stocks	39	-115	-170	- 98	- 264	122	11	- 99	- 52	- 183
4	New issues	548	729	984	1,100	1,209	489	690	930	1,040	1,166
5	Retirements	- 301	-319	-404	- 382	- 382	- 220	- 247	- 315	- 300	- 326
	Foreign securities:										
6	Trade in outstanding issues	- 6	- 68	40	- 31	- 53	- 7	- 59	42	- 26	- 51
7	New issues	- 38	- 17	- 39	- 31	- 56	- 19	- 13	- 34	- 20	- 27
8	Retirements	9	20	21	10	25	5	17	17	5	6
	Loans, capital subscriptions, etc., by Government of Canada:										
9.1	Loans and advances by Government of Canada	-	- 7	- 10	- 2	- 1	-	-	-	-	-
9.2	Capital subscriptions to international investment agencies...	- 8	- 15	- 8	- 8	- 13	-	-	-	-	-
10.1	Repayment of post-war loans and advances	38	129	25	10	10	-	-	-	-	-
10.2	Repayment of war loans and advances	-	-	-	-	-	-	-	-	-	-
10.3	British financial settlement and interim advances (net).....	-	-	-	-	-	-	-	-	-	-
11	Columbia River Treaty, net.....	-	-	-	54	32	-	-	-	54	32
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada	Included with D 13.2	- 63	- 72	- 164	- 187	Included with D 13.2	- 33	7	9	-
	Long-term capital transactions n.i.e.:										
13.1	Finance company borrowing	5	14	11	6	3	5	12	11	5	3
13.2	Other	103	- 64	75	116	54	149	- 94	65	117	39
	Change in Canadian dollar holdings of foreigners:										
14.1	Deposits	33	- 10	43	28	31	54	18	31	34	5
14.2	Government of Canada demand liabilities	- 2	- 4	1	-	2	- 9	- 9	- 1	- 2	- 2
14.3	Canadian treasury bills	- 58	4	- 27	- 16	12	- 68	18	- 23	- 16	7
	Other capital movements:										
17.1	Bank balances and other short-term funds abroad (excluding official reserves)	140	93	-258	- 528	138	123	142	- 244	106	- 817
17.2	Canadian commercial paper, etc.	Included with D 17.4	- 23	- 11	10	10	Included with D 17.4	- 23	- 11	- 2	-
17.3	Canadian finance company paper	93	93	196	- 162	-	93	93	196	- 208	-
17.4	Canadian finance company obligations n.i.e.	95	119	35	52	209	100	121	35	52	205
17.5	All other transactions ¹	80	95	166	246	287	158	103	118	267	304
E	Net capital movement (excluding monetary items shown below) in:										
1	Long-term forms (D 1 to D 13)	930	688	637	820	713	953	680	843	1,013	964
2	Short-term forms (D 14 to D 17)	288	297	30	- 33	527	358	393	- 14	626	- 508
3	Totals	1,218	985	667	787	1,240	1,311	1,073	829	1,639	456
F	Balance to be settled (C 4 + E 3)	290	155	146	363	157	- 30	- 19	- 319	4	-1,456
G	Balance settled by exchange transfers	-	-	-	-	-	257	554	378	27	1,499
H = C + E + G	Official monetary movements in the form of:										
1	Change in official holdings of gold and foreign exchange	229	537	60	86	- 11	227	538	59	31	43
2	Change in net International Monetary Fund Position	61	-378	86	277	168	-	-	-	-	-
3	Other special international financial assistance	-	- 4	-	-	-	-	3	-	-	-
4	Totals	290	155	146	363	157	227	535	59	31	43

See footnote at end of table.

TABLE 2. Annual Statements of the Canadian Balance of International Payments, 1961-65 - Continued

No.	Account	Between Canada and the United Kingdom					Between Canada and other sterling area countries				
		1961	1962	1963	1964	1965 ^P	1961	1962	1963	1964	1965 ^P
millions of dollars											
A	Current receipts:										
1	Merchandise exports (adjusted)	924	924	1,017	1,219	1,184	331	338	409	515	531
2	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export .....	..	..	..	..	..	..	..	..	..	..
4	Travel expenditures	21	22	28	33	34	7	8	8	11	9
5	Interest and dividends	37	28	31	80	40	43	33	26	41	41
6	Freight and shipping	100	98	105	130	136	27	29	33	44	44
7	Inheritances and immigrants' funds	25	28	43	46	51	6	8	12	13	21
11	All other current receipts	54	66	77	102	110	10	9	12	14	20
12	Total current receipts	1,161	1,166	1,301	1,610	1,555	424	425	500	638	666
B	Current payments:										
1	Merchandise imports (adjusted)	593	578	521	584	624	298	326	418	417	385
4	Travel expenditures	71	71	70	80	89	21	21	21	23	27
5	Interest and dividends	87	85	82	104	91	1	1	1	1	1
6	Freight and shipping	93	88	94	89	95	4	5	5	7	11
7	Inheritances and emigrants' funds	23	18	15	24	30	4	4	4	5	4
9	Official contributions .....	..	..	..	..	..	49	29	57	58	73
10	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..
11	All other current payments	99	101	102	124	116	20	22	25	26	30
12	Total current payments	966	941	884	1,005	1,045	397	408	531	537	531
C	Current account balance:										
1	Merchandise trade	+331	+346	+496	+635	+ 560	+33	+12	- 9	+ 98	+146
2	Other transactions, excluding B9	-136	-121	- 79	- 30	- 50	+43	+34	+35	+ 61	+ 62
3	Official contributions .....	..	..	..	..	..	-49	-29	-57	- 58	- 73
4	Total	+195	+225	+417	+605	+ 510	+27	+17	-31	+101	+135
D	Capital account:										
Direct investment:											
1	Direct investment in Canada	125	62	38	55	2	9	- 4	-11	4	3
2	Direct investment abroad	- 16	- 21	- 40	- 3	2	-20	-41	-13	- 35	- 38
Canadian securities:											
3.1	Trade in outstanding bonds and debentures	- 12	..	- 5	- 1	- 3	..	..	..	..	..
3.2	Trade in outstanding common and preference stocks	- 61	- 65	- 55	- 27	- 50	- 3	..	..	..	..
4	New issues	24	18	18	22	15	..	..	..	..	..
5	Retirements	- 41	- 37	- 40	- 39	- 23	..	..	..	..	..
Foreign securities:											
6	Trade in outstanding issues	- 11	- 2	- 2	- 8	- 1	..	..	- 1	..	..
7	New issues	- 2	..	..	..	..	-13	..	..	- 4	- 5
8	Retirements .....	..	1	..	..	..	1	..	1	1	1
Loans, capital subscriptions, etc., by Government of Canada:											
9.1	Loans and advances by Government of Canada .....	..	..	..	..	..	..	..	-10	- 2	- 1
9.2	Capital subscriptions to international investment agencies .....	..	..	..	..	..	..	..	..	..	..
10.1	Repayment of post-war loans and advances	17	17	18	..	..	5	5	5	8	8
10.2	Repayment of war loans and advances .....	..	..	..	..	..	..	..	..	..	..
10.3	British financial settlement and interim advances (net) .....	..	..	..	..	..	..	..	..	..	..
11	Columbia River Treaty, net .....	..	..	..	..	..	..	..	..	..	..
12	Export credits extended from Canada directly or indirectly at risk of the government of Canada	Included with D 13.2	..	..	..	..	Included with D 13.2	- 4	- 4	- 17	- 17
Long-term capital transactions n.i.e.:											
13.1	Finance company borrowing .....	..	1	- 1	1	..	..	..	..	..	..
13.2	Other	5	18	- 11	3	- 12	- 2	..	4	- 7	- 6
Change in Canadian dollar holdings of foreigners:											
14.1	Deposits	4	- 12	1	- 11	16	3	- 2	5	5	- 2
14.2	Government of Canada demand liabilities .....	..	..	..	..	..	..	..	..	..	..
14.3	Canadian treasury bills	- 3	..	- 1	1	- 1	..	..	..	..	..
Other capital movements:											
17.1	Bank balances and other short-term funds abroad (excluding official reserves)	18	- 37	- 4	-583	551	..	-13	1	12	45
17.2	Canadian commercial paper, etc.	Included with D 17.4	..	..	..	1	Included with D 17.4	..	..	..	..
17.3	Canadian finance company paper .....	..	..	..	..	7	..	..	..	..	..
17.4	Canadian finance company obligations n.i.e. .....	..	..	..	..	4	..	..	..	..	..
17.5	All other transactions ¹	2	- 28	- 12	- 38	- 29	2	- 6	8	- 22	5
E	Net capital movement (excluding monetary items shown below) in:										
1	Long-term forms (D 1 to D 13)	28	- 8	- 80	3	- 74	-23	-44	-29	- 52	- 55
2	Short-term forms (D 14 to D 17)	21	- 77	- 16	-631	549	5	-21	14	- 5	48
3	Totals	49	- 85	- 96	-628	475	-18	-65	-15	- 57	- 7
F	Balance to be settled (C 4 + E 3)	244	140	321	- 23	985	9	-48	-46	44	128
G	Balance settled by exchange transfers	-242	-142	-320	78	-1,039	- 9	48	46	- 44	-128
H = C + E + G	Official monetary movements in the form of:										
1	Change in official holdings of gold and foreign exchange	2	- 1	1	55	- 54	..	..	..	..	..
2	Change in net International Monetary Fund Position .....	..	..	..	..	..	..	..	..	..	..
3	Other special international financial assistance .....	..	- 1	..	..	..	..	..	..	..	..
4	Totals	2	- 2	1	55	- 54	..	..	..	..	..

See footnotes at end of table.

TABLE 2. Annual Statements of the Canadian Balance of International Payments, 1961-65 - Concluded

No.	Account	Between Canada and other OECD countries in Europe					Between Canada and all other countries				
		1961	1962	1963	1964	1965 ^P	1961	1962	1963	1964	1965 ^P
millions of dollars											
A	Current receipts:										
1	Merchandise exports (adjusted).....	618	622	662	749	840	803	736	1,024	1,359	1,197
2	Mutual aid to NATO countries.....	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export.....	..	..	..	..	..	..	..	..	..	..
4	Travel expenditures.....	13	14	16	17	27	6	6	8	11	17
5	Interest and dividends.....	12	11	8	8	8	9	10	10	13	17
6	Freight and shipping.....	67	62	68	76	84	62	61	78	93	82
7	Inheritances and immigrants' funds.....	15	19	21	21	34	7	8	10	12	14
11	All other current receipts.....	37	42	45	48	63	15	22	24	34	54
12	Total current receipts.....	762	770	820	919	1,056	902	843	1,154	1,522	1,381
B	Current payments:										
1	Merchandise imports (adjusted).....	416	454	474	558	707	581	640	708	774	877
4	Travel expenditures.....	72	75	86	105	106	19	19	20	23	26
5	Interest and dividends.....	44	39	48	52	57	2	2	2	3	3
6	Freight and shipping.....	114	124	137	146	161	24	25	34	38	46
7	Inheritances and emigrants' funds.....	11	11	11	11	13	2	2	3	4	4
9	Official contributions.....	1	..	2	1	1	6	7	6	10	18
10	Mutual aid to NATO countries.....	..	..	..	..	..	..	..	..	..	..
11	All other current payments.....	134	149	154	153	169	47	45	48	58	65
12	Total current payments.....	792	852	912	1,026	1,214	681	741	821	910	1,039
C	Current account balance:										
1	Merchandise trade.....	+202	+168	+188	+191	+133	+222	+96	+316	+585	+320
2	Other transactions, excluding B9.....	-231	-250	-278	-297	-290	+5	+13	+23	+37	+40
3	Official contributions.....	-1	..	-2	-1	-1	-6	-7	-6	-10	-18
4	Totals.....	-30	-82	-92	-107	-158	+221	+102	+333	+612	+342
D	Capital account:										
Direct investment:											
1	Direct investment in Canada.....	57	111	37	27	47	3	8	-4	-4	4
2	Direct investment abroad.....	-1	-29	-33	-18	-17	-18	-20	-13	-4	-2
Canadian securities:											
3.1	Trade in outstanding bonds and debentures.....	-1	-20	6	42	31	..	..	3	-2	6
3.2	Trade in outstanding common and preference stocks.....	-19	-39	-16	-19	-31	..	..	..	..	..
4	New issues.....	20	21	22	20	28	15	..	14	18	..
5	Retirements.....	-19	-35	-42	-31	-25	-21	..	-7	-12	-8
Foreign securities:											
6	Trade in outstanding issues.....	-2	-9	..	3	-1	..	2	1	..	..
7	New issues.....	..	..	..	..	..	-4	-4	-5	-7	-24
8	Retirements.....	..	..	..	..	..	3	2	3	4	18
Loans, capital subscriptions, etc., by Government of Canada:											
9.1	Loans and advances by Government of Canada.....	..	..	..	..	..	..	-7	..	..	..
9.2	Capital subscriptions to international investment agencies.....	..	..	..	..	..	-8	-15	-8	-8	-13
10.1	Repayment of post-war loans and advances.....	15	107	2	2	2	1	..	..	..	..
10.2	Repayment of war loans and advances.....	..	..	..	..	..	..	..	..	..	..
10.3	British financial settlement and interim advances (net).....	..	..	..	..	..	..	..	..	..	..
11	Columbia River Treaty, net.....	..	..	..	..	..	..	..	..	..	..
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada.....	Included with D 13.2	1	1	..	-4	Included with D 13.2	-27	-76	-156	-166
Long-term capital transactions n.i.e.:											
13.1	Finance company borrowing.....	..	1	1	-2	..	..	..	..	..	..
13.2	Other.....	-4	2	18	-1	18	-45	10	-1	4	15
Change in Canadian dollar holdings of foreigners:											
14.1	Deposits.....	8	-10	6	1	8	-36	-4	..	-1	4
14.2	Government of Canada demand liabilities.....	..	..	..	..	..	7	5	2	2	4
14.3	Canadian treasury bills.....	12	-21	1	-1	-1	1	7	-4	..	7
Other capital movements:											
17.1	Bank balances and other short-term funds abroad (excluding official reserves).....	..	..	-8	2	176	-1	1	-3	-65	183
17.2	Canadian commercial paper, etc.....	Included with D 17.4	..	..	..	..	Included with D 17.4	..	..	..	11
17.3	Canadian finance company paper.....	..	..	..	..	4	..	..	..	..	35
17.4	Canadian finance company obligations n.i.e.....	-5	-2	..	..	..	..	..	..	..	..
17.5	All other transactions ¹	-17	6	-7	33	6	-65	20	59	6	1
E	Net capital movement (excluding monetary items shown below) in:										
1	Long-term forms (D 1 to D 13).....	46	111	-4	23	48	-74	-51	-93	-167	-170
2	Short-term forms (D 14 to D 17).....	-2	-27	-8	35	193	-94	29	54	-58	245
3	Totals.....	44	84	-12	58	241	-168	-22	-39	225	75
F	Balance to be settled (C 4 + E 3).....	14	2	-104	-49	83	53	80	294	387	417
G	Balance settled by exchange transfers.....	-14	-2	104	49	-83	8	-458	-208	-110	-249
H = C + E + G	Official monetary movements in the form of:										
1	Change in official holdings of gold and foreign exchange.....	..	..	..	..	..	..	..	..	..	..
2	Change in net International Monetary Fund Position.....	..	..	..	..	..	61	-378	86	277	168
3	Other special international financial assistance.....	..	..	..	..	..	..	..	..	..	..
4	Totals.....	..	..	..	..	..	61	-378	86	277	168

¹ Includes changes in loans and accounts receivable and payable, and also balancing item representing differences between direct measurements of current and capital accounts.

TABLE 3. Quarterly Statements of the Canadian Balance of International Payments, 1963-65

No.	Account	Between Canada and all countries											
		1963				1964				1965 ^P			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
millions of dollars													
A	Current receipts:												
1	Merchandise exports (adjusted).....	1,486	1,776	1,806	2,014	1,730	2,198	2,182	2,128	1,826	2,191	2,263	2,465
2	Mutual aid to NATO countries.....	..	..	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export.....	..	38	36	39	33	41	36	35	35	34	35	34
4	Travel expenditures.....	51	129	325	104	59	140	351	112	63	158	415	111
5	Interest and dividends.....	45	55	44	86	67	60	54	151	67	73	70	100
6	Freight and shipping.....	117	141	148	157	133	164	176	171	143	172	181	177
7	Inheritances and immigrants' funds.....	27	38	48	38	32	43	50	44	42	55	63	51
11	All other current receipts.....	123	126	126	125	133	136	140	148	155	156	159	170
12	Total current receipts.....	1,890	2,303	2,533	2,563	2,187	2,782	2,989	2,789	2,331	2,839	3,186	3,108
B	Current payments:												
1	Merchandise imports (adjusted).....	1,412	1,702	1,655	1,810	1,695	2,047	1,827	1,968	1,865	2,218	2,102	2,442
4	Travel expenditures.....	114	158	204	109	150	187	238	137	152	210	271	146
5	Interest and dividends.....	196	198	181	285	239	219	219	333	240	252	230	349
6	Freight and shipping.....	128	164	178	178	136	175	187	181	155	198	204	198
7	Inheritances and emigrant's funds.....	39	44	50	52	40	47	58	56	43	49	61	58
9	Official contributions.....	15	18	16	16	12	16	22	19	23	20	31	18
10	Mutual aid to NATO countries.....	..	..	..	..	..	..	..	..	..	..	..	..
11	All other current payments.....	220	223	220	225	251	241	230	241	248	252	251	261
12	Total current payments.....	2,124	2,507	2,504	2,675	2,523	2,932	2,781	2,935	2,726	3,199	3,150	3,472
C	Current account balance:												
1	Merchandise trade.....	+ 74	+ 74	+151	+204	+ 35	+151	+355	+160	- 39	- 27	+161	+ 23
2	Other transactions, excluding B9.....	-293	-260	-106	-300	-359	-285	-125	-287	-333	-313	- 94	-369
3	Official contributions.....	- 15	- 18	- 16	- 16	- 12	- 16	- 22	- 19	- 23	- 20	- 31	- 18
4	Totals.....	-234	-204	+ 29	-112	-336	-150	+208	-146	-395	-360	+ 36	-364
D	Capital account:												
	Direct investment:												
1	Direct investment in Canada.....	78	48	74	80	85	32	51	102	70	126	96	113
2	Direct investment abroad.....	- 31	- 42	- 29	- 33	- 32	- 58	6	- 11	- 44	-	- 53	- 28
	Canadian securities:												
3,1	Trade in outstanding bonds and debentures.....	23	27	- 7	- 4	4	15	36	22	4	16	37	5
3,2	Trade in outstanding common and preference stocks.....	- 57	- 44	- 27	- 42	- 44	- 9	- 5	- 40	- 91	- 83	- 28	- 62
4	New issues.....	410	405	94	75	138	322	109	531	283	321	294	311
5	Retirements.....	- 64	-198	- 55	- 87	-110	-117	- 60	- 95	- 68	-178	- 56	- 80
	Foreign securities:												
6	Trade in outstanding issues.....	5	21	- 4	18	-	- 26	- 1	- 4	- 14	- 16	- 18	- 5
7	New issues.....	- 7	- 3	- 5	- 24	- 6	- 11	- 5	- 9	- 27	- 7	- 8	- 14
8	Retirements.....	5	5	5	6	2	3	2	3	3	15	3	4
	Loans, capital subscriptions, etc., by Government of Canada:												
9,1	Loans and advances by Government of Canada.....	-	-	- 8	- 2	- 1	-	- 1	-	-	-	-	- 1
9,2	Capital subscriptions to international investment agencies.....	-	-	-	- 8	-	-	-	- 8	-	-	-	- 13
10,1	Repayment of post-war loans and advances.....	-	8	-	19	4	3	1	2	5	2	1	2
10,2	Repayment of war loans and advances.....	-	-	-	-	-	-	-	-	-	-	-	-
10,3	British financial settlement and interim advances (net).....	-	-	-	-	-	-	-	-	-	-	-	-
11	Columbia River Treaty, net.....	-	-	-	-	-	-	54	-	-	-	-	32
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada.....	1	- 10	- 37	- 26	- 31	- 52	- 46	- 35	- 42	- 61	- 54	- 30
	Long-term capital transactions n.i.e.:												
13,1	Finance company borrowings.....	4	8	9	- 10	4	6	- 14	- 2	- 1	- 6	4	-
13,2	Other.....	14	- 19	17	63	- 10	25	85	16	50	5	- 2	1
	Change in Canadian dollar holdings of foreigners:												
14,1	Deposits.....	- 28	38	- 11	44	20	- 9	- 36	53	38	- 37	- 19	49
14,2	Government of Canada demand liabilities.....	-	- 3	- 1	5	-	- 3	-	3	- 1	- 4	- 5	12
14,3	Canadian treasury bills.....	9	- 17	18	- 37	4	14	- 16	- 18	27	- 10	- 2	- 3
	Other capital movements:												
17,1	Bank balances and other short-term funds abroad (excluding official reserves).....	- 62	- 82	-138	24	150	-128	-165	-385	170	141	- 74	- 99
17,2	Canadian commercial paper, etc.....	- 39	15	- 11	12	27	- 20	- 18	-	- 1	8	3	-
17,3	Canadian finance company paper.....	20	2	22	49	107	102	4	- 17	- 34	- 2	- 61	- 65
17,4	Canadian finance company obligations n.i.e.....	- 11	18	- 1	29	- 2	1	16	37	26	99	90	- 6
17,5	All other transactions.....	30	140	7	- 11	- 15	128	- 49	182	- 30	32	42	243
E	Net capital movement (excluding monetary items shown below) in:												
1	Long-term forms (D 1 to D 13).....	381	204	27	25	3	133	212	472	128	134	216	235
2	Short-term forms (D 14 to D 17).....	- 81	111	-115	115	291	85	-264	-145	195	227	- 26	131
3	Totals.....	300	315	- 88	140	294	218	- 52	327	323	361	190	366
F	Balance to be settled (C 4 + E 3).....	66	111	- 59	28	- 42	68	156	181	- 72	1	226	2
G	Balance settled by exchange transfers.....	-	-	-	-	-	-	-	-	-	-	-	-
H = C + E + G	Official monetary movements in the form of:												
1	Change in official holdings of gold and foreign exchange.....	66	111	-145	28	-127	62	97	54	-118	- 92	144	55
2	Change in net International Monetary Fund Position.....	-	-	86	-	85	6	59	127	46	93	82	- 53
3	Other special international financial assistance.....	-	-	-	-	-	-	-	-	-	-	-	-
4	Totals.....	66	111	- 59	28	- 42	68	156	181	- 72	1	226	2

See footnote at end of table.

TABLE 3. Quarterly Statements of the Canadian Balance of International Payments, 1963-65 - Continued

No.	Account	Between Canada and the United States											
		1963				1964				1965 ^P			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
millions of dollars													
A	Current receipts:												
1	Merchandise exports (adjusted)	889	1,012	1,034	1,035	952	1,128	1,148	1,168	1,070	1,271	1,269	1,383
2	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export	41	38	36	39	33	41	36	35	35	34	35	34
4	Travel expenditures	46	111	300	92	53	120	321	96	53	133	375	99
5	Interest and dividends	36	38	34	47	50	41	42	57	41	52	42	69
6	Freight and shipping	59	72	76	72	63	76	84	78	67	86	91	83
7	Inheritances and immigrants' funds	11	15	23	16	14	18	24	21	15	24	29	23
11	All other current receipts	82	86	87	87	88	89	90	92	96	97	101	99
12	Total current receipts	1,164	1,372	1,590	1,388	1,253	1,513	1,745	1,547	1,377	1,697	1,942	1,790
B	Current payments:												
1	Merchandise imports (adjusted)	1,030	1,159	1,084	1,185	1,231	1,409	1,230	1,334	1,376	1,547	1,422	1,689
4	Travel expenditures	79	110	130	69	109	131	149	92	113	149	176	93
5	Interest and dividends	158	170	147	252	192	188	182	288	200	219	192	308
6	Freight and shipping	71	97	108	102	76	106	112	105	86	119	122	115
7	Inheritances and emigrants' funds	34	35	41	42	35	36	43	43	35	36	44	45
9	Official contributions .....	..	..	..	..	..	..	..	..	..	..	..	..
10	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
11	All other current payments	138	143	136	142	151	150	148	153	156	157	158	163
12	Total current payments	1,510	1,714	1,646	1,792	1,794	2,020	1,864	2,015	1,966	2,227	2,112	2,413
C	Current account balance:												
1	Merchandise trade	-141	-147	-50	-150	-279	-281	-82	-168	-306	-276	-153	-306
2	Other transactions, excluding B 9	-205	-195	-6	-254	-262	-228	-37	-302	-283	-254	-17	-317
3	Official contributions .....	..	..	..	..	..	..	..	..	..	..	..	..
4	Totals	-346	-342	-56	-404	-541	-507	-119	-468	-589	-330	-170	-623
D	Capital account:												
	Direct investment:												
1	Direct investment in Canada	58	25	63	74	63	29	37	59	57	113	82	101
2	Direct investment abroad	-14	-4	-9	-9	-6	-19	17	-27	-41	7	-24	-12
	Canadian securities:												
3.1	Trade in outstanding bonds and debentures	19	22	-6	-	1	9	22	6	6	8	16	-2
3.2	Trade in outstanding common and preference stocks	-31	-29	-14	-25	-30	-1	3	-24	-59	-56	-20	-48
4	New issues	397	384	89	60	129	300	96	515	271	315	286	294
5	Retirements	-50	-149	-39	-77	-88	-88	-54	-70	-58	-160	-41	-67
	Foreign securities:												
6	Trade in outstanding issues	4	20	-2	20	-3	-25	1	1	-17	-15	-17	-2
7	New issues	-6	-2	-4	-22	-4	-6	-4	-6	-8	-5	-8	-6
8	Retirements	5	4	4	4	1	2	1	1	1	2	2	1
	Loans, capital subscriptions, etc., by Government of Canada:												
9.1	Loans and advances by Government of Canada .....	..	..	..	..	..	..	..	..	..	..	..	..
9.2	Capital subscriptions to international investment agencies .....	..	..	..	..	..	..	..	..	..	..	..	..
10.1	Repayment of post-war loans and advances .....	..	..	..	..	..	..	..	..	..	..	..	..
10.2	Repayment of war loans and advances .....	..	..	..	..	..	..	..	..	..	..	..	..
10.3	British financial settlement and interim advances (net) .....	..	..	..	..	..	..	..	..	..	..	..	..
11	Columbia River Treaty, net .....	..	..	..	..	..	..	54	..	..	..	..	32
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada	2	2	1	2	2	2	2	3	-11	..	6	5
	Long-term capital transactions n.i.e.:												
13.1	Finance company borrowing	2	9	9	-9	3	7	-13	-2	-1	-6	4	..
13.2	Other	10	-30	21	64	-7	23	80	21	59	-7	-7	-6
	Change in Canadian dollar holdings of foreigners:												
14.1	Deposits	-16	30	-3	20	9	-1	-24	50	24	-27	-19	27
14.2	Government of Canada demand liabilities .....	..	..	-1	..	..	..	..	-2	-1	-1	..	..
14.3	Canadian treasury bills	2	-7	6	-24	-5	4	-5	-10	5	-2	..	4
	Other capital movements:												
17.1	Bank balances and other short-term funds abroad (excluding official reserves)	-52	-88	-147	43	159	106	-60	-99	-187	-263	-350	-17
17.2	Canadian commercial paper, etc.	-39	13	-11	14	27	-21	-18	1	-2	1	6	-7
17.3	Canadian finance company paper	21	2	22	46	107	103	3	-17	-36	-22	-80	-70
17.4	Canadian finance company obligations n.i.e.	-11	18	-1	29	-2	1	16	37	26	98	90	-9
17.5	All other transactions ¹	28	152	-53	-9	-20	120	-47	214	-5	23	59	227
E	Net capital movement (excluding monetary items shown below) in:												
1	Long-term forms (D1 to D13)	396	252	113	82	61	233	242	477	199	196	279	290
2	Short-term forms (D14 to D17)	-67	120	-188	121	275	312	-135	174	-176	-193	-294	155
3	Totals	329	372	-75	203	336	545	107	651	23	3	-15	445
F	Balance to be settled (C 4 + E 3)	-17	30	-131	-201	-205	38	-12	-183	-566	-527	-185	-178
G	Balance settled by exchange transfers	82	69	-2	229	65	36	88	-162	409	528	330	232
H = C + F + G	Official monetary movements in the form of:												
1	Change in official holdings of gold and foreign exchange	65	99	-133	28	-140	74	76	21	-157	1	145	54
2	Change in net International Monetary Fund Position .....	..	..	..	..	..	..	..	..	..	..	..	..
3	Other special international financial assistance .....	..	..	..	..	..	..	..	..	..	..	..	..
4	Totals	65	99	-133	28	-140	74	76	21	-157	1	145	54

See footnote at end of table.

TABLE 3. Quarterly Statements of the Canadian Balance of International Payments, 1963-65 - Continued

No.	Account	Between Canada and the United Kingdom											
		1963				1964				1965 ^P			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
millions of dollars													
A	Current receipts:												
1	Merchandise exports (adjusted)	213	268	270	266	266	324	323	306	257	306	309	312
2	Mutual aid to NATO countries.....	..	..	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export.....	-	-	-	-	-	-	-	-	-	-	-	-
4	Travel expenditures	2	7	15	4	2	10	15	6	3	10	16	5
5	Interest and dividends	1	5	1	24	2	5	2	71	10	5	14	11
6	Freight and shipping	23	27	26	29	28	34	34	34	29	36	36	35
7	Inheritances and immigrants' funds	10	11	11	11	10	12	12	12	10	14	14	13
11	All other current receipts	20	20	19	18	24	24	25	29	29	27	27	27
12	Total current receipts	269	338	342	352	332	409	411	458	338	398	416	403
B	Current payments:												
1	Merchandise imports (adjusted).....	103	139	136	143	136	171	134	143	140	157	154	173
4	Travel expenditures	9	15	31	15	12	17	36	15	8	23	40	18
5	Interest and dividends	26	14	22	20	35	17	24	28	26	17	24	24
6	Freight and shipping	21	24	24	25	20	22	23	24	23	24	24	24
7	Inheritances and emigrants' funds	2	4	5	4	2	6	10	6	5	8	11	6
9	Official contributions.....	-	-	-	-	-	-	-	-	-	-	-	-
10	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
11	All other current payments	26	25	26	25	40	27	28	29	30	28	29	29
12	Total current payments	187	221	244	232	245	260	255	245	232	257	282	274
C	Current account balance:												
1	Merchandise trade	+110	+129	+134	+123	+130	+153	+189	+163	+117	+149	+155	+139
2	Other transactions, excluding B9	- 28	- 12	- 36	- 3	- 43	- 4	- 33	+ 50	- 11	- 8	- 21	- 10
3	Official contributions	-	-	-	-	-	-	-	-	-	-	-	-
4	Totals	+ 82	+117	+ 98	+120	+ 87	+149	+156	+213	+106	+141	+134	+129
D	Capital account:												
	Direct investment:												
1	Direct investment in Canada	6	17	6	9	12	- 4	10	37	2	- 2	1	- 3
2	Direct investment abroad	- 9	- 22	- 1	- 8	- 25	- 6	1	27	9	- 3	- 3	- 1
	Canadian securities:												
3.1	Trade in outstanding bonds and debentures	-	- 1	-	- 4	2	- 6	1	2	- 6	2	4	- 3
3.2	Trade in outstanding common and preference stocks	- 18	- 15	- 11	- 11	- 11	- 5	- 3	- 8	- 22	- 16	- 6	- 6
4	New issues	7	3	1	7	3	7	5	7	5	1	2	7
5	Retirements	- 7	- 19	- 12	- 2	- 15	- 7	- 2	- 15	- 5	- 5	- 7	- 6
	Foreign securities:												
6	Trade in outstanding issues	2	1	- 3	- 2	- 3	- 2	1	- 4	1	- 1	-	- 1
7	New issues	-	-	-	-	-	-	-	-	-	-	-	-
8	Retirements	-	-	-	-	-	-	-	-	-	-	-	-
	Loans, capital subscriptions, etc., by Government of Canada:												
9.1	Loans and advances by Government of Canada	-	-	-	-	-	-	-	-	-	-	-	-
9.2	Capital subscriptions to international investment agencies	-	-	-	-	-	-	-	-	-	-	-	-
10.1	Repayment of post-war loans and advances	-	-	-	18	-	-	-	-	-	-	-	-
10.2	Repayment of war loans and advances	-	-	-	-	-	-	-	-	-	-	-	-
10.3	British financial settlement and interim advances (net)	-	-	-	-	-	-	-	-	-	-	-	-
11	Columbia River Treaty, net	-	-	-	-	-	-	-	-	-	-	-	-
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada	-	-	-	-	-	-	-	-	-	-	-	-
	Long-term capital transactions n.i.e.:												
13.1	Finance company borrowing.....	- 1	-	-	-	1	-	-	-	-	-	-	-
13.2	Other	1	4	- 8	- 8	- 2	4	1	-	- 16	1	-	3
	Change in Canadian dollar holdings of foreigners:												
14.1	Deposits	- 6	1	- 8	14	- 9	3	- 4	- 1	3	3	- 2	12
14.2	Government of Canada demand liabilities	-	-	-	-	-	-	-	-	-	-	-	-
14.3	Canadian treasury bills	4	- 4	12	- 13	5	4	1	- 9	1	6	- 2	- 6
	Other capital movements:												
17.1	Bank balances and other short-term funds abroad (excluding official reserves)	- 7	8	11	- 16	-117	-130	- 90	-246	204	298	61	- 12
17.2	Canadian commercial paper, etc.	-	1	- 1	-	-	-	-	-	-	1	2	- 2
17.3	Canadian finance company paper	-	-	-	-	-	-	-	-	1	2	4	-
17.4	Canadian finance company obligations n.i.e.	-	-	-	-	-	-	-	-	-	-	1	3
17.5	All other transactions'	- 3	- 7	-	- 2	9	4	- 15	- 36	- 26	14	- 12	- 5
E	Net capital movement (excluding monetary items shown below) in:												
1	Long-term forms (D 1 to D 13)	- 19	- 32	- 28	- 1	- 38	- 19	14	46	- 32	- 23	- 9	- 10
2	Short-term forms (D 14 to D 17)	- 12	- 1	14	- 17	-112	-119	-108	-292	183	324	52	- 10
3	Totals	- 31	- 33	- 14	- 18	-150	-138	- 94	-246	151	301	43	- 20
F	Balance to be settled (C 4 + E 3)	51	84	84	102	- 63	11	62	- 33	257	442	177	109
G	Balance settled by exchange transfers	- 50	- 72	- 96	-102	76	- 23	- 41	66	-218	-535	-178	-108
H = C + E + G	Official monetary movements in the form of:												
1	Change in official holdings of gold and foreign exchange	1	12	- 12	-	13	- 12	21	33	39	- 93	- 1	1
2	Change in net international Monetary Fund Position	-	-	-	-	-	-	-	-	-	-	-	-
3	Other special international financial assistance	-	-	-	-	-	-	-	-	-	-	-	-
4	Totals	1	12	- 12	-	13	- 12	21	33	39	- 93	- 1	1

See footnote at end of table.

TABLE 3. Quarterly Statements of the Canadian Balance of International Payments, 1963-65 - Continued

No.	Account	Between Canada and other sterling area countries											
		1963				1964				1965 ^P			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
		millions of dollars											
A	Current receipts:												
1	Merchandise exports (adjusted)	92	110	101	106	101	134	137	143	121	154	130	126
2	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export .....	..	..	..	..	..	..	..	..	..	..	..	..
4	Travel expenditures	1	1	3	3	1	2	5	3	1	3	4	1
5	Interest and dividends	5	6	7	8	11	8	7	15	11	10	9	11
6	Freight and shipping	7	8	9	9	9	10	12	13	11	12	10	11
7	Inheritances and immigrants' funds	2	2	5	3	2	4	4	3	7	4	6	4
11	All other current receipts	3	3	3	3	3	3	4	4	5	4	6	5
12	Total current receipts	110	130	128	132	127	161	169	181	156	187	165	158
B	Current payments:												
1	Merchandise imports (adjusted)	62	104	114	138	73	120	114	110	62	102	108	113
4	Travel expenditures	8	7	4	2	8	8	3	4	11	7	4	5
5	Interest and dividends	1	..	..	..	1	..	..	..	1	..	..	..
6	Freight and shipping	1	1	1	2	1	2	2	2	2	3	3	3
7	Inheritances and emigrants' funds	1	1	1	1	1	1	1	2	1	1	1	1
9	Official contributions	14	16	14	13	9	13	20	16	17	19	23	14
10	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
11	All other current payments	6	6	7	6	7	7	6	6	7	8	7	8
12	Total current payments	93	135	141	162	100	151	146	140	101	140	146	144
C	Current account balance:												
1	Merchandise trade	+30	+6	-13	-32	+28	+14	+23	+33	+59	+52	+22	+13
2	Other transactions, excluding B9	+1	+5	+14	+15	+8	+9	+20	+24	+13	+14	+20	+15
3	Official contributions	-14	-16	-14	-13	-9	-13	-20	-16	-17	-19	-23	-14
4	Totals	+17	-5	-13	-30	+27	+10	+23	+41	+55	+47	+19	+14
D	Capital account:												
	Direct investment:												
1	Direct investment in Canada	-1	-1	-1	-8	1	1	1	1	1	1	..	1
2	Direct investment abroad	1	-3	-5	-6	1	-23	-11	-2	-8	-2	-18	-10
	Canadian securities:												
3.1	Trade in outstanding bonds and debentures .....	..	..	..	..	..	..	..	..	..	..	..	..
3.2	Trade in outstanding common and preference stocks .....	..	..	..	..	..	..	..	..	..	..	..	..
4	New issues .....	..	..	..	..	..	..	..	..	..	..	..	..
5	Retirements .....	..	..	..	..	..	..	..	..	..	..	..	..
	Foreign securities:												
6	Trade in outstanding issues	-1	..	..	..	..	..	..	..	..	..	..	..
7	New issues .....	..	..	..	..	..	-4	..	..	..	..	..	-5
8	Retirements .....	..	..	..	1	..	..	..	1	1	..	..	..
	Loans, capital subscriptions, etc., by Government of Canada:												
9.1	Loans and advances by Government of Canada .....	..	..	-8	-2	-1	..	-1	..	..	..	..	-1
9.2	Capital subscriptions to international investment agencies .....	..	..	..	..	..	..	..	..	..	..	..	..
10.1	Repayment of post-war loans and advances .....	..	4	..	1	4	1	1	2	5	..	1	2
10.2	Repayment of war loans and advances .....	..	..	..	..	..	..	..	..	..	..	..	..
10.3	British financial settlement and interim advances (net) .....	..	..	..	..	..	..	..	..	..	..	..	..
11	Columbia River Treaty, net .....	..	..	..	..	..	..	..	..	..	..	..	..
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada	-1	-2	-1	..	..	-7	-7	-3	-3	-9	-3	-2
	Long-term capital transactions n.i.e.:												
13.1	Finance company borrowing .....	..	..	..	..	..	..	..	..	..	..	..	..
13.2	Other	1	1	1	1	-2	-1	1	-5	-1	-5	1	-1
	Change in Canadian dollar holdings of foreigners:												
14.1	Deposits	-1	2	1	3	..	..	1	4	-3	1	1	-1
14.2	Government of Canada demand liabilities .....	..	..	..	..	..	..	..	..	..	..	..	..
14.3	Canadian treasury bills .....	..	..	..	..	..	..	..	..	..	..	..	..
	Other capital movements:												
17.1	Bank balances and other short-term funds abroad (excluding official reserves) .....	..	..	1	..	26	-29	10	5	3	10	45	-13
17.2	Canadian commercial paper, etc. .....	..	..	..	..	..	..	..	..	..	..	..	..
17.3	Canadian finance company paper .....	..	..	..	..	..	..	..	..	..	..	..	..
17.4	Canadian finance company obligations n.i.e. .....	..	..	..	..	..	..	..	..	..	..	..	..
17.5	All other transactions ¹	3	..	6	-1	-11	-3	-5	-3	-1	-2	-2	10
E	Net capital movement (excluding monetary items shown below) in:												
1	Long-term forms (D 1 to D 13)	-1	-1	-14	-13	3	-33	-16	-6	-5	-15	-19	-16
2	Short-term forms (D 14 to D 17)	2	2	8	2	15	-32	6	6	-1	9	44	-4
3	Totals	1	1	-6	-11	18	-65	-10	..	-6	-6	25	-20
F	Balance to be settled (C 4 + E 3)	18	-4	-19	-41	45	-55	13	41	49	41	44	-6
G	Balance settled by exchange transfers	-18	4	19	41	-45	55	-13	-41	-49	-41	-44	6
H = C + E + G	Official monetary movements in the form of:												
1	Change in official holdings of gold and foreign exchange .....	..	..	..	..	..	..	..	..	..	..	..	..
2	Change in net International Monetary Fund Position .....	..	..	..	..	..	..	..	..	..	..	..	..
3	Other special international financial assistance .....	..	..	..	..	..	..	..	..	..	..	..	..
4	Totals .....	..	..	..	..	..	..	..	..	..	..	..	..

See footnote at end of table.

TABLE 3. Quarterly Statements of the Canadian Balance of International Payments, 1963-65 - Continued

No.	Account	Between Canada and other OECD countries in Europe											
		1963				1964				1965 ^P			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
millions of dollars													
A	Current receipts:												
1	Merchandise exports (adjusted)	119	169	180	194	144	190	199	216	169	189	226	256
2	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export .....	..	..	..	..	..	..	..	..	..	..	..	..
4	Travel expenditures	2	7	4	3	2	5	7	3	4	7	12	4
5	Interest and dividends .....	..	4	..	4	1	4	..	3	1	3	1	3
6	Freight and shipping	14	17	19	18	15	18	21	22	17	20	23	24
7	Inheritances and immigrants' funds	3	7	6	5	4	7	5	5	6	11	10	7
11	All other current receipts	11	11	11	12	11	12	12	13	12	13	13	25
12	Total current receipts	149	215	220	236	177	236	244	262	209	243	285	319
B	Current payments:												
1	Merchandise imports (adjusted)	75	127	122	150	94	152	142	170	112	193	183	219
4	Travel expenditures	12	20	34	20	14	24	45	22	12	24	45	25
5	Interest and dividends	11	13	12	12	11	13	12	16	13	15	13	16
6	Freight and shipping	29	34	36	38	31	37	39	39	35	41	42	43
7	Inheritances and emigrants' funds	2	3	3	3	2	3	3	3	2	3	4	4
9	Official contributions .....	..	..	1	1	..	1	..	..	..	..	1	..
10	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
11	All other current payments	39	38	39	38	38	42	34	39	39	42	43	45
12	Total current payments	168	235	247	262	190	272	275	289	213	318	331	352
C	Current account balance:												
1	Merchandise trade	+44	+42	+58	+44	+50	-38	+57	+46	+ 57	- 4	+ 43	+ 37
2	Other transactions, excluding B9	-63	-62	-84	-69	-63	-73	-88	-73	- 61	-71	- 88	- 70
3	Official contributions .....	..	..	- 1	- 1	..	- 1	..	..	..	..	- 1	..
4	Totals	-19	-20	-27	-26	-13	-36	-31	-27	- 4	-75	- 46	- 33
D	Capital account:												
	Direct investment:												
1	Direct investment in Canada	16	8	7	6	10	7	4	6	7	14	12	14
2	Direct investment abroad	- 6	-10	-10	- 7	- 1	- 8	- 1	- 8	- 3	- 2	- 8	- 4
	Canadian securities:												
3.1	Trade in outstanding bonds and debentures	4	4	- 2	..	1	12	12	17	3	6	17	5
3.2	Trade in outstanding common and preference stocks	- 8	..	- 2	- 6	- 3	- 3	- 5	- 8	- 10	-11	- 2	- 8
4	New issues	6	7	4	5	6	6	3	5	7	5	6	10
5	Retirements	- 7	-24	- 4	- 7	- 7	-13	- 4	- 7	- 5	- 8	- 8	- 4
	Foreign securities:												
6	Trade in outstanding issues .....	..	..	1	- 1	6	1	- 3	- 1	2	..	- 1	- 2
7	New issues .....	..	..	..	..	..	..	..	..	..	..	..	..
8	Retirements .....	..	..	..	..	..	..	..	..	..	..	..	..
	Loans, capital subscriptions, etc., by Government of Canada:												
9.1	Loans and advances by Government of Canada .....	..	..	..	..	..	..	..	..	..	..	..	..
9.2	Capital subscriptions to international investment agencies .....	..	..	..	..	..	..	..	..	..	..	..	..
10.1	Repayment of post-war loans and advances .....	..	2	..	..	..	2	..	..	..	2	..	..
10.2	Repayment of war loans and advances .....	..	..	..	..	..	..	..	..	..	..	..	..
10.3	British financial settlement and interim advances (net) .....	..	..	..	..	..	..	..	..	..	..	..	..
11	Columbia River Treaty net .....	..	..	..	..	..	..	..	..	..	..	..	..
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada .....	..	..	1	..	..	..	..	..	..	..	- 2	- 2
	Long-term capital transactions n.i.e.:												
13.1	Finance company borrowing	3	- 1	..	- 1	..	- 1	- 1	..	..	..	..	..
13.2	Other .....	..	6	3	9	- 1	- 1	3	- 2	9	4	- 1	6
	Change in Canadian dollar holdings of foreigners:												
14.1	Deposits	- 5	3	1	7	20	-17	- 2	..	- 1	1	- 1	9
14.2	Government of Canada demand liabilities .....	..	..	..	..	..	..	..	..	..	..	..	..
14.3	Canadian treasury bills .....	..	- 1	1	1	- 1	6	- 6	..	..	..	- 1	..
	Other capital movements:												
17.1	Bank balances and other short-term funds abroad (excluding official reserves)	- 2	- 2	- 2	- 2	54	-38	- 4	-10	98	39	145	-106
17.2	Canadian commercial paper, etc. ....	..	1	1	- 2	..	1	..	- 1	1	1	..	- 2
17.3	Canadian finance company paper	- 1	..	..	1	- 1	1	..	..	1	3	..	..
17.4	Canadian finance company obligations n.i.e. ....	..	..	..	..	..	..	..	..	..	1	- 1	..
17.5	All other transactions ¹	- 5	- 4	3	- 1	8	1	14	10	1	- 2	- 4	11
E	Net capital movement (excluding monetary items shown below) in:												
1	Long-term forms (D 1 to D 13)	8	- 8	- 2	- 2	11	2	8	2	10	10	13	15
2	Short-term forms (D 14 to D 17)	-13	- 3	4	4	81	-48	3	- 1	100	43	138	- 88
3	Totals	- 5	-11	2	2	92	-46	11	1	110	53	151	- 73
F	Balance to be settled (C 4 + E 3)	-24	-31	-25	-24	79	-82	-20	-26	106	-22	105	-106
G	Balance settled by exchange transfers	24	31	25	24	-79	82	20	26	-106	22	-105	106
II =	C + E + G												
	Official monetary movements in the form of:												
1	Change in official holdings of gold and foreign exchange .....	..	..	..	..	..	..	..	..	..	..	..	..
2	Change in net International Monetary Fund Position .....	..	..	..	..	..	..	..	..	..	..	..	..
3	Other special international financial assistance .....	..	..	..	..	..	..	..	..	..	..	..	..
4	Totals .....	..	..	..	..	..	..	..	..	..	..	..	..

See footnote at end of table.

TABLE 3. Quarterly Statements of the Canadian Balance of International Payments, 1963-65 - Concluded

No.	Account	Between Canada and all other countries											
		1963				1964				1965 ^P			
		I	II	III	IV	I	II	III	IV	I	II	III	IV
millions of dollars													
A	Current receipts:												
1	Merchandise exports (adjusted)	173	217	221	413	267	422	375	295	209	271	329	388
2	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
3	Gold production available for export .....	..	..	..	..	..	..	..	..	..	..	..	..
4	Travel expenditures .....	..	3	3	2	1	3	3	4	2	5	8	2
5	Interest and dividends	3	2	2	3	3	2	3	5	4	3	4	6
6	Freight and shipping	14	17	18	29	18	26	25	24	19	18	21	24
7	Inheritances and immigrants' funds	1	3	3	3	2	2	5	3	4	2	4	4
11	All other current receipts	7	6	6	5	7	8	9	10	13	15	12	14
12	Total current receipts	198	248	253	455	298	463	420	341	251	314	378	438
B	Current payments:												
1	Merchandise imports (adjusted)	142	173	199	194	161	195	207	211	175	219	235	248
4	Travel expenditures	6	6	5	3	7	7	5	4	8	7	6	5
5	Interest and dividends .....	..	1	..	1	..	1	..	1	..	1	..	1
6	Freight and shipping	6	8	9	11	8	8	11	11	9	11	13	13
7	Inheritances and emigrants' funds .....	..	1	..	2	..	1	1	2	..	1	1	2
9	Official contributions	1	2	1	2	3	2	2	3	6	1	7	4
10	Mutual aid to NATO countries .....	..	..	..	..	..	..	..	..	..	..	..	..
11	All other current payments	11	11	12	14	15	15	14	14	16	17	16	16
12	Total current payments	166	202	226	227	194	229	241	246	214	257	279	289
C	Current account balance:												
1	Merchandise trade	+31	+44	+22	+219	+106	+227	+168	+84	+34	+52	+94	+140
2	Other transactions, excluding B 9	+ 2	+ 4	+ 6	+ 11	+ 1	+ 9	+ 13	+ 14	+ 9	+ 6	+ 12	+ 13
3	Official contributions	- 1	- 2	- 1	- 2	- 3	- 2	- 2	- 3	- 6	- 1	- 7	- 4
4	Totals	+32	+46	+27	+228	+104	+234	+179	+95	+37	+57	+99	+149
D	Capital account:												
	Direct investment:												
1	Direct investment in Canada	- 1	- 1	- 1	- 1	- 1	- 1	- 1	- 1	3	..	1	..
2	Direct investment abroad	- 3	- 3	- 4	- 3	- 1	- 2	..	- 1	- 1	..	..	- 1
	Canadian securities:												
3.1	Trade in outstanding bonds and debentures .....	..	2	1	..	..	..	1	- 3	1	..	..	5
3.2	Trade in outstanding common and preference stocks .....	..	..	..	..	..	..	..	..	..	..	..	..
4	New issues .....	..	11	..	3	..	9	5	4	..	..	..	..
5	Retirements .....	..	- 6	..	- 1	..	- 9	..	- 3	..	- 5	..	- 3
	Foreign securities:												
6	Trade in outstanding issues .....	..	..	..	1	..	..	..	..	..	..	..	..
7	New issues	- 1	- 1	- 1	- 2	- 2	- 1	- 1	- 3	- 19	- 2	..	- 3
8	Retirements .....	..	1	1	1	1	1	1	1	1	13	1	3
	Loans, capital subscriptions, etc., by Government of Canada:												
9.1	Loans and advances by Government of Canada .....	..	..	..	..	..	..	..	..	..	..	..	..
9.2	Capital subscriptions to international investment agencies .....	..	..	..	- 8	..	..	..	- 8	..	..	..	- 13
10.1	Repayment of post-war loans and advances .....	..	..	..	..	..	..	..	..	..	..	..	..
10.2	Repayment of war loans and advances .....	..	..	..	..	..	..	..	..	..	..	..	..
10.3	British financial settlement and interim advances (net) .....	..	..	..	..	..	..	..	..	..	..	..	..
11	Columbia River Treaty, net .....	..	..	..	..	..	..	..	..	..	..	..	..
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada .....	..	- 10	- 38	- 28	- 33	- 47	- 41	- 35	- 28	- 52	- 55	- 31
	Long-term capital transactions n.i.e.:												
13.1	Finance company borrowing .....	..	..	..	..	..	..	..	..	..	..	..	..
13.2	Other	2	..	..	- 3	2	..	..	2	- 1	12	5	- 1
	Change in Canadian dollar holdings of foreigners:												
14.1	Deposits .....	..	2	- 2	..	..	6	- 7	..	15	- 15	2	2
14.2	Government of Canada demand liabilities .....	..	- 3	..	5	..	- 3	..	5	..	- 3	- 5	12
14.3	Canadian treasury bills	3	- 5	- 1	- 1	5	..	- 6	1	21	- 14	1	- 1
	Other capital movements:												
17.1	Bank balances and other short-term funds abroad (excluding official reserves)	- 1	..	- 1	- 1	28	- 37	- 21	- 35	52	57	25	49
17.2	Canadian commercial paper, etc. ....	..	..	..	..	..	..	..	..	..	5	- 5	11
17.3	Canadian finance company paper .....	..	..	..	..	..	..	..	..	..	15	15	15
17.4	Canadian finance company obligations n.i.e. ....	..	..	..	..	..	..	..	..	..	..	..	..
17.5	All other transactions ¹	7	- 1	51	2	- 1	6	4	- 3	1	- 1	1	..
E	Net capital movement (excluding monetary items shown below) in:												
1	Long-term forms (D 1 to D 13)	- 3	- 7	- 42	- 41	- 34	- 50	- 36	- 47	- 44	- 34	- 48	- 44
2	Short-term forms (D 14 to D 17)	9	- 7	47	5	32	- 28	- 30	- 32	89	44	34	78
3	Totals	6	- 14	5	- 36	- 2	- 78	- 66	- 79	45	10	- 14	34
F	Balance to be settled (C 4 + E 3)	38	32	32	192	102	156	113	16	82	67	85	183
G	Balance settled by exchange transfers	- 38	- 32	54	- 192	- 17	- 150	- 54	111	- 36	26	- 3	- 236
H	Official monetary movements in the form of:												
C + E + G	Change in official holdings of gold and foreign exchange .....	..	..	..	..	..	..	..	..	..	..	..	..
2	Change in net International Monetary Fund Position .....	..	..	86	..	85	6	59	127	46	93	82	- 53
3	Other special international financial assistance .....	..	..	..	..	..	..	..	..	..	..	..	..
4	Totals .....	..	..	86	..	85	6	59	127	46	93	82	- 53

¹ Includes changes in loans and accounts receivable and payable, and also balancing item representing differences between direct measurements of current and capital accounts.

TABLE 4. Annual Statements of the Canadian Balance of International Payments, by Area, 1963-65

No.	Account	1963					
		Total	U.S.	U.K.	RSA	OECD	Other
		millions of dollars					
A	Current receipts:						
1	Merchandise exports (adjusted)	7,082	3,970	1,017	409	662	1,024
2	Mutual aid to NATO countries	23	..	..	..	..	..
3	Gold production available for export	154	154	..	..	..	..
4	Travel expenditures	609	549	28	8	16	8
5	Interest and dividends	230	155	31	26	8	10
6	Freight and shipping	563	279	105	33	68	78
7	Inheritances and immigrants' funds	151	65	43	12	21	10
11	All other current receipts	500	342	77	12	45	24
12	Total current receipts	9,312	5,514	1,301	500	820	1,154
B	Current payments:						
1	Merchandise imports (adjusted)	6,579	4,458	521	418	474	708
4	Travel expenditures	585	388	70	21	86	20
5	Interest and dividends	860	727	82	1	48	2
6	Freight and shipping	648	378	94	5	137	34
7	Inheritances and emigrants' funds	185	152	15	4	11	3
9	Official contributions	65	..	..	57	2	6
10	Mutual aid to NATO countries	23	..	..	..	..	..
11	All other current payments	888	559	102	25	154	48
12	Total current payments	9,833	6,662	884	531	912	821
C	Current account balance:						
1	Merchandise trade	+503	-488	+496	-9	+188	+316
2	Other transactions, excluding B9	-959	-660	-79	-35	-278	+23
3	Official contributions	-65	..	..	-57	-2	-6
4	Totals	-521	-1,148	+417	-31	-92	+333
D	Capital account:						
	Direct investment:						
1	Direct investment in Canada	280	220	38	-11	37	-4
2	Direct investment abroad	-135	-36	-40	-13	-33	-13
	Canadian securities:						
3.1	Trade in outstanding bonds and debentures	39	35	-5	..	6	3
3.2	Trade in outstanding common and preference stocks	-170	-99	-55	..	-16	..
4	New issues	984	930	18	..	22	14
5	Retirements	-404	-315	-40	..	-42	-7
	Foreign securities:						
6	Trade in outstanding issues	40	42	-2	-2	..	1
7	New issues	-39	-34	..	..	..	-5
8	Retirements	21	17	..	1	..	3
	Loans, capital subscriptions, etc., by Government of Canada:						
9.1	Loans and advances by Government of Canada	-10	..	..	-10	..	..
9.2	Capital subscriptions to international investment agencies	-8	..	..	..	..	-8
10.1	Repayment of post-war loans and advances	25	..	18	5	2	..
10.2	Repayment of war loans and advances .....	..	..	..	..	..	..
10.3	British financial settlement and interim advances (net) .....	..	..	..	..	..	..
11	Columbia River Treaty, net .....	..	..	..	..	..	..
12	Export credits extended from Canada directly or indirectly at risk of the Government of Canada	-72	7	..	-4	1	-76
	Long-term capital transactions n.i.e.:						
13.1	Finance company borrowing	11	11	-1	..	1	..
13.2	Other	75	65	-11	4	18	-1
	Change in Canadian dollar holdings of foreigners:						
14.1	Deposits	43	31	1	5	6	..
14.2	Government of Canada demand liabilities	1	-1	..	..	..	-2
14.3	Canadian treasury bills	-27	-23	-1	..	1	-4
	Other capital movements:						
17.1	Bank balances and other short-term funds abroad (excluding official reserves)	-258	-244	-4	1	-8	-3
17.2	Canadian commercial paper, etc.	-23	-23	..	..	..	..
17.3	Canadian finance company paper	93	93	..	..	..	..
17.4	Canadian finance company obligations n.i.e.	35	35	..	..	..	..
17.5	All other transactions ¹	166	118	-12	8	-7	59
E	Net capital movement (excluding monetary items shown below) in:						
1	Long-term forms (D1 to D13)	637	843	-80	-29	-4	-93
2	Short-term forms (D14 to D17)	30	-14	-16	14	-8	54
3	Totals	667	829	-96	-15	-12	-39
F	Balance to be settled (C4 + E3)	146	-319	321	-46	-104	294
G	Balance settled by exchange transfers	-	378	-320	46	104	-208
H = C + E + G	Official monetary movements in the form of:						
1	Change in official holdings of gold and foreign exchange	60	59	1	..	..	..
2	Change in net International Monetary Fund Position	86	..	..	..	..	86
3	Other special international financial assistance .....	..	..	..	..	..	..
4	Totals	146	59	1	-	-	86

¹ Includes changes in loans and accounts receivable and payable, and also balancing item representing differences between direct measurements of current and capital accounts.

TABLE 5. United States Direct Investment in Canada, Industrial Distribution of Capital Movements and Reconciliation with Change in Book Value, 1955-64

A minus sign indicates an outflow

Industry	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
millions of dollars										
Direct investment:										
Gross inflows:										
Petroleum and natural gas industry ¹	198	254	262	209	203	180	156	156	144	129
Mining	57	76	81	81	141	209	157	165	107	134
Pulp and paper	35	43	48	19	18	26	13	13	7	37
Manufacturing	87	135	121	95	158	138	149	178	164	247
Utilities	9	2	4	3	8	14	7	18	-	1
Merchandising	24	20	33	14	35	20	32	55	22	33
Financial	21	24	25	8	34	40	49	30	39	40
Miscellaneous	12	18	19	16	16	23	41	22	10	28
Totals	443	572	593	445	613	650	604	637	493	649
Gross outflows:										
Petroleum and natural gas industry ¹	2	22	25	8	33	22	50	44	88	69
Mining	4	22	25	8	35	13	47	24	61	123
Pulp and paper	44	4	15	24	24	13	3	29	11	47
Manufacturing	53	36	70	62	60	89	66	150	67	109
Utilities	7	1	3	1	1	2	10	5	8	6
Merchandising	6	8	22	19	20	31	21	21	12	53
Financial	3	3	18	6	4	7	27	13	5	21
Miscellaneous	7	11	12	13	8	12	14	23	21	33
Totals	126	107	190	141	185	189	238	309	273	461
Net capital flows for direct investment:										
Petroleum and natural gas industry ¹	196	232	237	201	170	158	106	112	56	60
Mining	53	54	56	73	106	196	110	141	46	11
Pulp and paper	- 9	39	33	-5	-6	13	10	-16	- 4	- 10
Manufacturing	34	99	51	33	98	49	83	28	97	138
Utilities	2	1	1	2	7	12	- 3	13	- 8	- 5
Merchandising	18	12	11	-5	15	-11	11	34	10	-20
Financial	18	21	7	2	30	33	22	17	34	19
Miscellaneous	5	7	7	3	8	11	27	- 1	-11	- 5
Totals	317	465	403	304	428	461	366	328	220	188
Other capital movements:²										
Petroleum and natural gas industry ¹	17	130	130	47	19	-10	87	43	44	- 37
Mining	-29	13	17	53	44	24	82	-14	-15	65
Pulp and paper	- 2	-	-9	-4	-1	19	-	23	- 2	-
Manufacturing	16	1	101	54	12	- 9	7	-12	-61	-136
Utilities	-2	-1	1	-1	-8	-14	14	- 6	17	24
Merchandising	-	1	-5	3	-2	7	10	-	3	2
Financial	62	126	11	33	46	62	68	85	67	12
Miscellaneous	1	-1	-5	-3	-1	-2	-11	- 2	- 1	4
Totals	63	269	241	182	109	77	257	117	52	- 66
Net capital movements:										
Petroleum and natural gas industry ¹	213	362	367	248	189	148	193	155	100	23
Mining	24	67	73	126	150	220	192	127	31	76
Pulp and paper	-11	39	24	-9	-7	32	10	7	- 6	- 10
Manufacturing	50	100	152	87	110	40	90	16	36	2
Utilities	-	-	2	1	-1	- 2	11	7	9	19
Merchandising	18	13	6	-2	13	- 4	21	34	13	- 18
Financial	80	147	18	35	76	95	90	102	101	31
Miscellaneous	6	6	2	-	7	9	16	- 3	-12	- 1
Totals	380	734	644	486	537	538	623	445	272	122
Increase in undistributed earnings and other factors including revaluations, reclassifications, and similar accounting adjustments	346 ³	145 ³	436	87	330	99 ³	112	277	476	25 ³
Net increase in book value	726	879	1,080	573	867	637	735	722	748	147³

¹ Explorations, 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 This figure is affected by unusually large reclassifications between United States direct and other investments.

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

TABLE 6. Estimated Constituents in the Value of Foreign Direct Investment in Canada, 1955-65

Item	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
	millions of dollars										
Net capital inflow for direct investment	445	650	545	430	570	670	560	505	280	270	405
Increase in undistributed earnings	335	400	425	235	350	280	240	305	410	455	..
Other factors ¹	184	90	291	86	106	16	65	113	84	-270 ¹	..
Net increase in book value	964	1,140	1,261	751	1,026	966	865	923	774	455	..
Book value at year end	7,728	8,868	10,129	10,880	11,906	12,872	13,737	14,660	15,434	15,889*	..

¹ New issues, retirements, borrowing, investment abroad, etc. affecting the total value of foreign direct investment in Canada, and other factors including revaluations, reclassifications and similar accounting adjustments.

* See "About the figures - Foreign Direct and Short-term Investment in Canada, 1964, Discontinuities" on page 65.

TABLE 7. Foreign Direct Investment in Canada, by Area, 1955-65

Area	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
	millions of dollars										
United States	317	465	403	304	428	461	366	328	220	188	353
United Kingdom	79	101	73	94	88	117	125	62	38	55	-2
Rest of sterling area	-2	1	4	4	-1	5	9	-4	-11	4	3
Other OECD Europe	50	82	63	30	55	86	57	111	37	27	47
Other countries	1	1	2	-2	-	1	3	8	-4	-4	4
All countries	445	650	545	430	570	670	560	505	280	270	405

TABLE 8. Canadian Direct Investment Abroad, by Area, 1955-65

Area	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
	millions of dollars										
United States	-63	-68	-35	-	-10	-18	-25	6	-36	-35	-70
United Kingdom	-2	-5	3	-5	-44	-15	-16	-21	-40	-3	2
Rest of sterling area	-10	-25	-26	-12	-9	-3	-20	-41	-13	-35	-38
Other OECD Europe	-	1	-3	-6	-6	-16	-1	-29	-33	-18	-17
Other countries	-10	-8	-19	-17	-16	2	-18	-20	-13	-4	-2
All countries	-85	-105	-80	-40	-85	-50	-80	-105	-135	-95	-125

TABLE 9. Portfolio Transactions in Canadian Securities Between Canada and All Other Countries, 1961-65

No.		New issues									
		Payable in Canadian dollars only					Payable optionally or solely in foreign currency				
		1961	1962	1963	1964	1965	1961	1962	1963	1964	1965
		millions of dollars									
	All countries										
	Bonds and debentures:										
1	Government of Canada, direct	37	22	38	43	28	-	134	135	-	-
2	Government of Canada, guaranteed	-	-	-	-	-	-	-	-	-	-
3	Provincial government (including guaranteed)	34	36	15	29	25	32	112	328	410	272
4	Municipal government (including guaranteed)	18	14	20	31	15	29	60	42	151	71
5	Corporation issues (including railways)	46	54	75	123	161	308	277	317	291	607
6	Sub-totals	135	126	148	226	229	369	583	822	852	950
7	Totals, common and preference stocks	44	20	14	22	30	-	-	-	-	-
8	Totals, all securities	179	146	162	248	259	369	583	822	852	950
	United States										
	Bonds and debentures:										
9	Government of Canada, direct										
10	Government of Canada, guaranteed										
11	Provincial government (including guaranteed)										
12	Municipal government (including guaranteed)										
13	Corporation issues (including railways)										
14	Sub-totals										
15	Totals, common and preference stocks										
16	Totals, all securities										
	United Kingdom										
	Bonds and debentures:										
17	Government of Canada, direct										
18	Government of Canada, guaranteed										
19	Provincial government (including guaranteed)										
20	Municipal government (including guaranteed)										
21	Corporation issues (including railways)										
22	Sub-totals										
23	Totals, common and preference stocks										
24	Totals, all securities										
	Other sterling area										
	Bonds and debentures:										
25	Government of Canada, direct										
26	Government of Canada, guaranteed										
27	Provincial government (including guaranteed)										
28	Municipal government (including guaranteed)										
29	Corporation issues (including railways)										
30	Sub-totals										
31	Totals, common and preference stocks										
32	Totals, all securities										
	Other OECD (Europe)										
	Bonds and debentures:										
33	Government of Canada, direct										
34	Government of Canada, guaranteed										
35	Provincial government (including guaranteed)										
36	Municipal government (including guaranteed)										
37	Corporation issues (including railways)										
38	Sub-totals										
39	Totals, common and preference stocks										
40	Totals, all securities										
	Other countries										
	Bonds and debentures:										
41	Government of Canada, direct										
42	Government of Canada, guaranteed										
43	Provincial government (including guaranteed)										
44	Municipal government (including guaranteed)										
45	Corporation issues (including railways)										
46	Sub-totals										
47	Totals, common and preference stocks										
48	Totals, all securities										

Data not available.

TABLE 9. Portfolio Transactions in Canadian Securities Between Canada and All Other Countries, 1961-65

New issues					Trade in outstanding issues					Retirements					Totals					No.
Totals																				
1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	
millions of dollars																				
37	156	173	43	28	52	54	27	41	38	- 46	- 72	- 74	- 88	- 81	43	138	126	- 4	- 15	1
-	-	-	-	-	23	- 4	15	19	15	- 2	- 14	- 2	-	-	21	- 18	13	19	15	2
66	148	343	439	297	-10	9	1	15	12	- 24	- 22	- 70	- 66	- 34	32	135	274	388	275	3
47	74	62	182	86	3	10	1	5	8	- 38	- 41	- 77	- 53	- 50	12	43	- 14	134	44	4
354	331	392	414	768	- 7	- 5	- 5	- 3	- 11	-136	-140	-101	-117	-209	211	186	286	294	548	5
504	709	970	1,078	1,179	61	64	39	77	62	-246	-289	-324	-324	-374	319	484	685	831	867	6
44	20	14	22	30	39	-115	-170	-98	-264	- 55	- 30	- 80	- 58	- 8	28	-125	-236	-134	-242	7
548	729	984	1,100	1,209	100	- 51	-131	-21	-202	-301	-319	-404	-382	-382	347	359	449	697	625	8
5	144	142	9	9	44	64	17	16	12	- 18	- 42	- 33	- 31	- 35	31	166	126	- 6	- 14	9
-	-	-	-	-	19	- 9	9	- 1	1	-	- 8	-	-	-	19	- 17	9	- 1	1	10
54	136	337	430	290	- 2	13	6	15	13	- 17	- 13	- 66	- 62	- 32	35	136	277	383	271	11
46	73	61	179	86	3	11	1	6	8	- 35	- 38	- 75	- 52	- 48	14	46	- 13	133	46	12
350	323	382	410	764	10	5	2	2	- 6	-119	-127	- 94	-114	-204	241	201	290	298	554	13
455	676	922	1,028	1,149	74	84	35	38	28	-189	-228	-268	-259	-319	340	532	689	807	858	14
34	14	8	12	17	122	- 11	- 99	- 52	-183	- 31	- 19	- 47	- 41	- 7	125	- 16	-138	- 81	-173	15
489	690	930	1,040	1,166	196	73	- 64	- 14	-155	-220	-247	-315	-300	-326	465	516	551	726	685	16
9	5	11	7	8	- 2	6	-	- 3	- 3	- 4	- 13	- 17	- 17	- 16	3	- 2	- 6	- 13	- 11	17
-	-	-	-	-	1	1	- 1	2	3	- 1	-	- 1	-	-	-	- 1	- 2	2	3	18
7	8	3	4	2	- 1	- 1	- 1	2	-	- 2	- 8	- 4	- 3	- 2	4	- 1	- 2	3	-	19
1	1	-	1	-	-	-	-	-	-	- 3	- 2	- 1	- 1	- 1	- 4	- 1	- 1	-	- 1	20
1	1	2	1	-	-10	- 6	- 3	- 2	- 3	-11	- 5	- 3	- 2	- 3	-20	-10	- 4	- 3	- 6	21
18	15	16	13	10	-12	-	- 5	- 1	- 3	- 21	- 28	- 26	- 23	- 22	- 15	- 13	- 15	- 11	- 15	22
6	3	2	9	5	-61	- 65	- 55	- 27	- 50	- 20	- 9	- 14	- 16	- 1	- 75	- 71	- 67	- 34	- 46	23
24	18	18	22	15	-73	- 65	- 60	- 28	- 53	- 41	- 37	- 40	- 39	- 23	- 90	- 84	- 82	- 45	- 61	24
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30
-	-	-	-	-	- 3	-	-	-	-	-	-	-	-	-	- 3	-	-	-	-	31
-	-	-	-	-	- 3	-	-	-	-	-	-	-	-	-	- 3	-	-	-	-	32
8	7	6	9	11	10	- 16	7	30	23	- 3	- 17	- 17	- 28	- 22	15	- 26	- 4	11	12	33
-	-	-	-	-	3	4	7	18	11	- 1	- 6	- 1	-	-	2	- 2	6	18	11	34
5	4	3	5	5	- 7	- 3	- 4	- 2	- 1	- 5	- 1	-	- 1	-	- 7	-	- 1	2	4	35
-	-	1	2	-	-	- 1	-	- 1	-	-	- 1	- 1	-	- 1	-	- 2	-	- 1	- 1	36
3	7	8	3	4	- 7	- 4	- 4	- 3	- 2	- 6	- 8	- 4	- 1	- 2	-10	- 5	-	- 1	-	37
16	18	18	19	20	- 1	- 20	6	42	31	-15	- 33	- 23	- 30	- 25	-	- 35	1	31	26	38
4	3	4	1	8	-19	- 39	- 16	- 19	- 31	- 4	- 2	- 19	- 1	-	-19	- 38	- 31	- 19	- 23	39
20	21	22	20	28	-20	- 59	- 10	23	-	- 19	- 35	- 42	- 31	- 25	- 19	- 73	- 30	12	3	40
15	-	14	18	-	-	-	-	3	- 2	6	- 21	-	- 7	- 12	- 8	- 6	-	10	4	41
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45
15	-	14	18	-	-	-	-	3	- 2	6	- 21	-	- 7	- 12	- 8	- 6	-	10	4	46
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47
15	-	14	18	-	-	-	-	3	- 2	6	- 21	-	- 7	- 12	- 8	- 6	-	10	4	48

TABLE 10. Portfolio Transactions in Foreign Securities Between Canada and All Other Countries, 1961-65

	New issues					Trade in outstanding issues					Retirements					Totals				
	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965
millions of dollars																				
All countries																				
Bonds and debentures:																				
I Q.....	- 4	- 1	- 6	- 5	-22	6	- 8	8	- 1	1	2	5	5	2	3	4	- 4	7	- 4	-18
II Q.....	-16	- 4	- 3	- 8	- 3	-	- 1	3	- 3	2	2	5	5	3	15	-14	-	5	- 8	14
III Q.....	- 5	- 4	- 5	- 2	- 2	5	6	1	- 1	-	3	5	5	2	3	3	7	1	- 1	1
IV Q.....	- 5	- 5	-23	- 4	- 9	3	1	8	- 4	16	2	5	6	3	4	-	1	- 9	- 5	11
Year.....	-30	-14	-37	-19	-36	14	- 2	20	- 9	19	9	20	21	10	25	- 7	4	4	-18	8
Common and preference stocks:																				
I Q.....	- 1	- 1	- 1	- 1	- 5	- 3	-20	- 3	1	-15	-	-	-	-	-	- 4	-21	- 4	-	-20
II Q.....	- 3	- 1	-	- 3	- 4	-	-33	18	-23	-18	-	-	-	-	-	- 3	-34	18	-26	-22
III Q.....	- 2	- 1	-	- 3	- 6	- 4	-11	- 5	-	-18	-	-	-	-	-	- 6	-12	- 5	- 3	-24
IV Q.....	- 2	-	- 1	- 5	- 5	-13	- 2	10	-	-21	-	-	-	-	-	-15	- 2	9	- 5	-26
Year.....	- 8	- 3	- 2	-12	-20	-20	-66	20	-22	-72	-	-	-	-	-	-28	-69	18	-34	-92
All securities:																				
I Q.....	- 5	- 2	- 7	- 6	-27	3	-28	5	-	-14	2	5	5	2	3	-	-25	3	- 4	-38
II Q.....	-19	- 5	- 3	-11	- 7	-	-34	21	-26	-16	2	5	5	3	15	-17	-34	23	-34	- 8
III Q.....	- 7	- 5	- 5	- 5	- 8	1	- 5	- 4	- 1	-18	3	5	5	2	3	- 3	- 5	- 4	- 4	-23
IV Q.....	- 7	- 5	-24	- 9	-14	-10	- 1	18	- 4	- 5	2	5	6	3	4	-15	- 1	-	-10	-15
Totals.....	-38	-17	-39	-31	-56	- 6	-68	40	-31	-53	9	20	21	10	25	-35	-65	22	-52	-84
United States																				
Bonds and debentures.....																				
	-13	-10	-32	- 8	- 8	14	- 4	16	- 7	21	5	17	17	5	6	6	3	1	-10	19
Common and preference stocks.....																				
	- 6	- 3	- 2	-12	-19	- 7	-55	26	-19	-72	-	-	-	-	-	-13	-58	24	-31	-91
Totals, all securities.....	-19	-13	-34	-20	-27	7	-59	42	-26	-51	5	17	17	5	6	- 7	-55	25	-41	-72
United Kingdom																				
Bonds and debentures.....																				
	-	-	-	-	-	- 2	-	4	- 2	- 2	-	1	-	-	-	- 2	1	4	- 2	- 2
Common and preference stocks.....																				
	- 2	-	-	-	-	- 9	- 2	- 6	- 6	1	-	-	-	-	-	-11	- 2	- 6	- 6	1
Totals, all securities.....	- 2	-	-	-	-	-11	- 2	- 2	- 8	- 1	-	1	-	-	-	-13	- 1	- 2	- 8	- 1
Other sterling area																				
Bonds and debentures.....																				
	-13	-	-	- 4	- 5	-	-	-	-	-	1	-	1	1	1	-12	-	1	- 3	- 4
Common and preference stocks.....																				
	-	-	-	-	-	-	-	- 1	-	-	-	-	-	-	-	-	-	- 1	-	-
Totals, all securities.....	-13	-	-	- 4	- 5	-	-	- 1	-	-	1	-	1	1	1	-12	-	-	- 3	- 4
Other OECD (Europe)																				
Bonds and debentures.....																				
	-	-	-	-	-	2	2	-	-	-	-	-	-	-	2	2	-	-	-	-
Common and preference stocks.....																				
	-	-	-	-	-	- 4	-11	-	3	- 1	-	-	-	-	- 4	-11	-	3	- 1	-
Totals, all securities.....	-	-	-	-	-	- 2	- 9	-	3	- 1	-	-	-	-	- 2	- 9	-	3	- 1	-
Other countries																				
Bonds and debentures.....																				
	- 4	- 4	- 5	- 7	-23	-	-	-	-	-	3	2	3	4	18	- 1	- 2	- 2	- 3	- 5
Common and preference stocks.....																				
	-	-	-	-	- 1	-	2	1	-	-	-	-	-	-	-	2	1	-	- 1	-
Totals, all securities.....	- 4	- 4	- 5	- 7	-24	-	2	1	-	-	3	2	3	4	18	- 1	-	- 1	- 3	- 6

SECTION 2

Tables V to XXE relate to
Canada's International Investment Position.

Other related text and statements are listed in the
Table of Contents at the front of the report.

TABLE V. The Canadian Balance of International Indebtedness, Selected Year Ends, 1926-64¹

Item	1926	1930	1939	1945	1949	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
billions of dollars															
Canadian liabilities:															
Direct investment VIII, X	1.8	2.4	2.3	2.7	3.6	7.7	8.9	10.1	10.9	11.9	12.9	13.7	14.7	15.4	15.9*
Government and municipal bonds IX	1.4	1.7	1.7	1.7	1.8	1.9	2.1	2.3	2.6	3.1	3.3	3.4	3.7	4.2	4.7
Other portfolio investments VIII	2.5	3.2	2.6	2.4	2.3	3.2	3.7	4.1	4.4	4.6	4.6	4.7	4.7	4.7	4.7
Miscellaneous investments VIII	0.3	0.3	0.3	0.3	0.3	0.6	0.8	0.9	1.1	1.3	1.4	1.7	1.8	1.8	2.0
Foreign long-term investments in Canada VIII, IX	6.0	7.6	6.9	7.1	8.0	13.5	15.6	17.5	19.0	20.9	22.2	23.6	24.9	26.1	27.4
Equity of non-residents in Canadian assets abroad .....	..	..	0.2	0.2	0.3	0.7	0.8	0.8	0.9	1.0	1.1	1.2	1.3	1.4	1.6
Canadian dollar holdings of non-residents .....	..	..	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.6
Gross liabilities²	6.4	8.0	7.4	7.6	8.7	14.6	16.7	18.7	20.4	22.4	24.0	25.4	26.8	28.1	29.5
United States ²	3.5	4.9	4.5	5.4	6.4	11.1	12.6	14.1	15.5	17.0	18.0	19.3	20.6	22.0	23.1*
United Kingdom ²	2.7	2.9	2.6	1.8	1.8	2.5	2.8	3.1	3.2	3.4	3.5	3.5	3.6	3.5	3.6
Other countries ^{2,3}	0.2	0.2	0.3	0.4	0.5	1.0	1.3	1.5	1.7	2.1	2.4	2.5	2.6	2.6	2.8
Short-term payables n.i.e. ⁴ .....	..	..	..	0.6	0.6	0.5	0.7	1.0	1.1	1.4	1.6	1.9	2.0	2.3	3.2**
Gross liabilities	6.4²	8.0²	7.4²	8.2	9.3	15.1	17.5	19.6	21.5	23.8	25.6	27.3	28.8	30.4	32.8
Canadian assets:															
Direct investment VII	0.4	0.4	0.7	0.7	0.9	1.7	1.9	2.1	2.1	2.3	2.5	2.6	2.8	3.1	3.4
Portfolio investments VII	0.5	0.8	0.7	0.6	0.6	1.0	1.0	1.1	1.1	1.2	1.3	1.5	1.7	1.8	1.9
Government of Canada credits VII .....	..	..	..	0.7	2.0	1.6	1.6	1.6	1.5	1.5	1.5	1.4	1.3	1.3	1.5 ⁵
Government of Canada subscriptions to international investment agencies .....	..	..	..	..	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Miscellaneous investments ⁷ .....	..	..	..	..	..	-0.1	..	-0.1	-0.1	..	..	0.1	0.2	0.3	0.4
Canadian long-term investments abroad	0.9	1.3	1.4	2.0	3.6	4.4	4.5	4.7	4.8	5.0	5.3	5.7	6.2	6.6	7.3
Government of Canada holdings of gold and foreign exchange VI .....	..	..	0.5	1.7	1.2	1.9	1.9	1.8	1.9	1.8	1.8	2.2	2.7	2.8	2.9
Net IMF position .....	..	..	..	..	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	-0.1	-0.1	0.2
Other Canadian short-term holdings of exchange .....	..	..	..	0.1	0.1	0.4	0.6	0.9	1.0	1.0	1.2	1.1	1.0	1.3	1.8
Gross assets²	1.3	1.5	1.9	3.9	5.1	6.8	7.1	7.5	7.7	8.0	8.5	9.2	9.8	10.6	12.2
Government of Canada holdings of gold, foreign exchange and net IMF position .....	..	..	0.5	1.7	1.3	2.0	2.0	1.9	2.0	1.9	2.0	2.4	2.6	2.7	3.1
United States ^{2,9}	0.7	0.9	0.9	1.0	1.3	2.3	2.6	3.0	3.1	3.3	3.7	3.9	4.1	4.7*	4.9
United Kingdom ^{2,9}	0.1	0.1	0.1	0.7	1.6	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.6	1.9*	2.6
Other countries ^{2,3}	0.5	0.5	0.4	0.5	0.9	1.1	1.1	1.2	1.3	1.3	1.3	1.4	1.5	1.3*	1.6
Short-term receivables n.i.e. ⁴ .....	..	..	..	0.1	0.2	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Gross assets	1.3²	1.5²	1.9²	4.0	5.3	7.1	7.5	7.9	8.2	8.5	9.0	9.7	10.2	11.1	12.7
Canadian net international indebtedness:															
Net liabilities	5.1²	6.5²	5.5²	4.2	4.0	8.0	10.0	11.8	13.3	15.3	16.6	17.6	18.6	19.3	20.1
Government of Canada holdings of gold, foreign exchange and net IMF position .....	..	..	-0.5	-1.7	-1.3	-2.0	-2.0	-1.9	-2.0	-1.9	-2.0	-2.4	-2.6	-2.7	-3.1
United States ^{2,9}	2.8	4.0	3.6	4.4	5.1	8.7	10.0	11.1	12.4	13.6	14.3	15.4	16.5	17.3*	18.2*
United Kingdom ^{2,9}	2.6	2.8	2.5	1.1	0.2	1.1	1.4	1.6	1.8	1.9	2.0	2.0	2.0	1.6*	1.0
Other countries ^{2,3}	-0.3	-0.3	-0.1	-0.1	-0.4	-0.1	0.2	0.3	0.4	0.8	1.1	1.1	1.1	1.4*	1.2
Short-term n.i.e. ⁴ .....	..	..	..	0.4	0.4	0.2	0.3	0.6	0.6	1.0	1.1	1.4	1.6	1.8	2.8*

¹ For 1933 and missing years after 1945 see Table 12 in "The Canadian Balance of International Payments - A Compendium of Statistics from 1946 to 1965" (DBS Catalogue No. 67-505).

² Excludes short-term receivables and payables.

³ Includes international investment agencies.

⁴ Country distribution not available.

⁵ Includes \$0.9 billion finance company obligations.

⁶ Includes \$0.2 billion medium-term non-marketable United States Government securities acquired under the Columbia River Treaty arrangements.

⁷ Includes export credits by Government and private sectors less reserve against Government inactive assets.

⁸ Net external assets of the chartered banks of Canada amounted to \$370 million in 1926 and \$180 million in 1930.

⁹ Excludes Government of Canada holdings of gold and foreign exchange.

Note: As figures are rounded, totals do not necessarily equal the sum of their component parts. Roman numerals refer to tables with further detail.

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.

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

TABLE VI. Canada's Official Holdings of Gold and United States Dollars,¹ 1953-65

At end of	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
millions of U.S. dollars													
March	1,845.3	1,827.2	1,871.5	1,871.4	1,923.6	1,867.7	1,888.3	1,856.1	1,934.9	1,709.4	2,600.1	2,465.5	2,554.1
June	1,750.1	1,863.3	1,930.4	1,899.5	1,941.8	1,921.4	1,934.2	1,773.9	1,985.2	1,808.7 ²	2,691.6	2,533.9	2,480.1
September	1,787.3	1,898.6	1,936.7	1,903.5	1,889.9	1,888.2	1,938.3	1,813.0	1,924.3	2,444.6 ²	2,568.3	2,624.5	2,614.1
December	1,818.5	1,942.6	1,900.8	1,936.2	1,828.3	1,939.1	1,869.2	1,829.2	2,055.8	2,539.4 ²	2,595.0	2,674.3	2,664.5

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

² Includes some funds representing special international financial assistance in the form of central bank swaps and/or net IMF drawings.

TABLE VII. Canadian Long-term Investments Abroad,¹ Selected Year Ends, 1926-64²

Location and year	Direct investment in branches, subsidiaries and controlled companies					Portfolio investment 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*	511	208	719*	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
1956	418	1,106	340	27	1,891	785	221	1,068	2,897	1,587	4,484
1957	425	1,198	410	40	2,073	811	257	1,068	3,141	1,560	4,701
1958	429	1,250	427	43	2,149	868	250	1,118	3,267	1,528	4,795
1959	457	1,343	417	78	2,295	934	249	1,183	3,478	1,495	4,973
1960	456	1,482	459	84	2,481	1,050	265	1,315	3,796	1,462	5,258
1961	504	1,566	446	112	2,628	1,195	276	1,471	4,099	1,424	5,523
1962	475*	1,769	463	114	2,821	1,445	278	1,723	4,544	1,301	5,845
1963	499	1,892	553	181	3,125	1,521	275	1,796	4,921	1,285	6,206
1964	489	2,087	562	218	3,356	1,642	290	1,932	5,288	1,517	6,805
In the United States:											
1939	211	176	21	4	412	380	121	501	913	-	913
1945	212	214	25	4	455	317	92	409	864	-	864
1947	217	272	37	5	531	283	83	366	897	-	897
1949	247	413	58	3	721	345	98	443	1,164	-	1,164
1956	378	804	190	22	1,394	569	84	653	2,047	-	2,047
1957	380	833	206	32	1,451	593	118	711	2,162	-	2,162
1958	379	833	197	31	1,440	659	111	770	2,210	-	2,210
1959	382	862	191	63	1,498	734	111	845	2,343	-	2,343
1960	374	971	223	64	1,632	827	120	947	2,579	-	2,579
1961	420	1,018	240	78	1,756	938	119	1,057	2,813	-	2,813
1962	431	1,092	225	75	1,823	1,124	116	1,240	3,063	-	3,063
1963	439	1,108	305	113	1,965	1,197	110	1,307	3,272	-	3,272
1964	424	1,158	297	146	2,025	1,327	118	1,445	3,470	219 ³	3,689
In the United Kingdom:											
1939	-	53	-	6	59	22	21	43	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
1956	3	135	-	1	139	30	16	46	185	1,179 ⁴	1,364
1957	3	168	-	1	172	33	15	48	220	1,171 ⁴	1,391
1958	3	196	-	1	200	27	14	41	241	1,125 ⁴	1,366
1959	10	224	-	1	235	25	12	37	272	1,108 ⁴	1,380
1960	14	240	-	3	257	26	16	42	299	1,092 ⁴	1,391
1961	12	271	-	5	288	45	16	61	349	1,074 ⁴	1,423
1962	9*	327	-	8	344	51	16	67	411	1,057 ⁴	1,468
1963	9	367*	-	16	392	53	16	69	461	1,039*	1,500
1964	6	432	1	16	457	55	15	70	527	1,059*	1,586
In other Commonwealth countries:⁵											
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	8	14	90	-	90
1956	8	85	98	-	191	7	21	28	219	-	219
1957	8	93	131	3	235	7	21	28	263	-	263
1958	7	102	150	7	266	8	21	29	295	34	329
1959	8	120	153	10	291	8	19	27	318	35	353
1960	10	121	156	12	299	10	18	28	320	35	362
1961	15	95	145	24	279	11	30	41	320	30	350
1962	16	132	162	26	336	12	31	43	379	25	404
1963	17	149	163	48	377	13	29	42	419	29	448
1964	21	186	169	50	426	14	32	46	472	25	497
In other foreign countries:											
1939	31	30	85	-	146	102	51	153	299	31	330
1945	20	36	85	1	142	104	36	140	282	146	428
1947	21	31	88	2	142	110	33	143	265	485	770
1949	23	31	14	2	70	105	36	141	211	566	777
1956	29	82	52	4	167	179	100	279	446	408	854
1957	34	104	73	4	215	178	103	281	496	389	885
1958	40	119	80	4	243	174	104	278	521	369	890
1959	57	137	73	4	271	167	107	274	545	352	897
1960	58	150	80	5	293	187	111	298	591	335	926
1961	57	182	61	5	305	201	111	312	617	320	937
1962	19*	218	76	5	318	258	115	373	691	219*	910
1963	34	268	85	4	391	258	120	378	769	217*	986
1964	36	311	95	6	448	246	125	371	819	214*	1,033

¹ Figures exclude investments of insurance companies and banks (held mainly against liabilities to non-residents), subscriptions to international investment agencies (Table V), and miscellaneous investments (Table V). Figures include the equity of non-residents in assets abroad of Canadian companies (Table V).
² For years 1951-55 see Table VII, "The Canadian Balance of International Payments, 1961 and 1962, and International Investment Position".
³ Medium-term non-marketable United States Government securities acquired under the Columbia River Treaty arrangements.
⁴ Includes deferred interest amounting to \$22 million in 1956, to \$44 million in 1957 through 1963, and to \$64 million in 1964.
⁵ Includes investments in Newfoundland prior to 1949.
⁶ Includes \$7 million United Nations in 1962 and 1963, and \$6 million in 1964.

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends, 1945-64
Classification by type of assets and nature of national ownership

Long-term investments in Canada	A. Owned by all non-residents								B. Owned in United States							
	1945	1958	1959	1960	1961	1962	1963	1964	1945	1958	1959	1960	1961	1962	1963	1964
	millions of dollars															
By type of assets																
Bonds and debentures:																
Government and municipal ¹	1,662	2,621	3,112	3,269	3,438	3,737	4,207	4,682	1,450	2,344	2,764	2,903	3,049	3,387	3,869	4,336
Railways	843	484	492	499	512	475	483	509	495	165	159	152	174	143	151	158
Other corporations	561	2,181	2,241	2,309	2,400	2,672	2,860	3,056	414	1,863	1,924	1,980	2,124	2,402	2,585	2,786
Sub-totals	3,066	5,286	5,845	6,077	6,350	6,884	7,550	8,247	2,359	4,372	4,847	5,035	5,347	5,932	6,605	7,280
Capital stock of Canadian companies	3,194	9,352	9,916	10,480	10,865	11,631	12,009	12,655	2,088	6,679	7,117	7,472	7,894	8,460	8,907	9,446
Other corporation assets ²	548	2,967	3,490	3,965	4,429	4,457	4,681	4,373	413	2,512	2,954	3,294	3,654	3,727	3,940	3,469
Income accumulating investment funds	—	342	321	264	266	164	123	42	—	342	321	264	266	164	123	42
Miscellaneous investments	284	1,063*	1,285	1,428	1,696	1,753	1,771	2,037	130	536	587	653	840	872	904	1,206
Total investments	7,092	19,010	20,857	22,214	23,606	24,889	26,134	27,354	4,990	14,441	15,826	16,718	18,001	19,155	20,479	21,443
By nature of national ownership																
I. Direct investments (controlled in country of ownership):																
Bonds and debentures:																
Railways	46	32	28	14	13	4	4	3	38	28	24	10	10	1	1	1
Other corporations	281	1,135	1,182	1,211	1,346	1,565	1,608	1,567	254	1,058	1,106	1,116	1,255	1,486	1,523	1,470
Sub-totals	327	1,167	1,210	1,225	1,359	1,569	1,612	1,570	292	1,086	1,130	1,126	1,265	1,487	1,524	1,471
Capital stock of Canadian companies	1,860	6,826	7,324	7,839	8,190	8,983	9,529	10,232	1,613	5,515	5,922	6,263*	6,579	7,093	7,612	8,177
Other corporation assets ²	526	2,887	3,372	3,808	4,188	4,108	4,293	4,087*	399	2,444	2,860	3,160*	3,440	3,426	3,618	3,253*
Total direct investments	2,713	10,880	11,906	12,872	13,737	14,660	15,434	15,889*	2,304	9,045	9,912	10,549	11,284	12,006	12,754	12,901*
II. Government and municipal bonds¹	1,662	2,621	3,112	3,269	3,438	3,737	4,207	4,682	1,450	2,344	2,764	2,903	3,049	3,387	3,869	4,336
III. Other portfolio investments (not controlled in country of ownership):																
Bonds and debentures:																
Railways:																
Controlled in Canada	795	451	462	483	497	470	478	505	457	137	134	141	163	141	149	156
Controlled in other countries	2	1	2	2	2	1	1	1	—	—	1	1	1	1	1	1
Other corporations:																
Controlled in Canada	220	756	773	809	791	836	979	1,141	158	682	696	749	771	815	954	1,117
Controlled in other countries	60	290	286	289	263	271	273	348	2	123	122	115	98	101	108	199
Sub-totals	1,077	1,498	1,523	1,583	1,553	1,578	1,731	1,995	617	942	953	1,006	1,033	1,058	1,212	1,473
Capital stock of Canadian companies:																
Companies controlled in Canada	1,249	2,274	2,322	2,340	2,395	2,351	2,189	2,131	462	1,081	1,100	1,104	1,215	1,259	1,196	1,165
Companies controlled in other countries	85	252	270	301	280	297	291	292	13	83	95	105	100	108	97	104
Other corporation assets ² :																
Companies controlled in Canada	16	59	93	129	197	297	327	195	13	53	79	117	187	263	284	135
Companies controlled in other countries	6	21	25	28	44	52	61	91	1	15	15	17	27	38	38	81
Income accumulating investment funds	—	342	321	264	266	164	123	42	—	342	321	264	266	164	123	42
Total other portfolio investments	2,433	4,446	4,554	4,645	4,735	4,739	4,722	4,746	1,106	2,516	2,563	2,613	2,828	2,890	2,952	3,000
IV. Miscellaneous investments:																
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	284	1,063*	1,285	1,428	1,696	1,753	1,771	2,037	130	536	587	653	840	872	904	1,206
SUMMARY																
I. Direct investments	2,713	10,880	11,906	12,872	13,737	14,660	15,434	15,889*	2,304	9,045	9,912	10,549	11,284	12,006	12,754	12,901*
II. Government and municipal bonds	1,662	2,621	3,112	3,269	3,438	3,737	4,207	4,682	1,450	2,344	2,764	2,903	3,049	3,387	3,869	4,336
III. Other portfolio investments	2,433	4,446	4,554	4,645	4,735	4,739	4,722	4,746	1,106	2,516	2,563	2,613	2,828	2,890	2,952	3,000
IV. Miscellaneous investments	284	1,063*	1,285	1,428	1,696	1,753	1,771	2,037	130	536	587	653	840	872	904	1,206
Total investments	7,092	19,010	20,857	22,214	23,606	24,889	26,134	27,354	4,990	14,441	15,826	16,718	18,001	19,155	20,479	21,443

See footnotes at end of table.

TABLE VIII. Foreign Capital Invested in Canada, Selected Year Ends, 1945-64 -- Concluded
Classification by type of assets and nature of national ownership

Long-term investments in Canada	C. Owned in United Kingdom								D. Owned in all other countries							
	1945	1958	1959	1960	1961	1962	1963	1964	1945	1958	1959	1960	1961	1962	1963	1964
	millions of dollars															
By type of assets																
Bonds and debentures:																
Government and municipal ¹	157	145	141	127	147	137	121	111	55	132	207	239	242	213	217	235
Railways	316	292	291	290	288	264	259	259	32	27	42	57	50	68	73	92
Other corporations	116	207	206	214	185	178	178	172	31	111	111	115	91	92	97	98
Sub-totals	589	644	638	631	620	579	558	542	118	270	360	411	383	373	387	425
Capital stock of Canadian companies	973	1,934	1,983	2,078	2,023	2,083	2,040	2,085	133	739	816	930	948	1,088	1,062	1,124
Other corporation assets ²	103	312	378	439	515	509	512	627	32	143	158	232	260	221	229	277
Miscellaneous investments	85	198	200	211	223	228	221	209	69	329*	498	564	633	653	646	622
Total investments	1,750	3,088	3,199	3,359	3,381	3,399	3,331	3,463	352	1,481	1,832	2,137	2,224	2,335	2,324	2,448
By nature of national ownership																
I. Direct investments (controlled in country of ownership):																
Bonds and debentures:																
Railways	8	4	4	4	3	3	3	2	—	—	—	—	—	—	—	—
Other corporations	13	45	39	46	38	24	25	35	14	32	37	49	53	55	60	62
Sub-totals	21	49	43	50	41	27	28	37	14	32	37	49	53	55	60	62
Capital stock of Canadian companies	226	938	972	1,057*	1,072	1,209	1,244	1,331	21	373	430	519*	539	681	673	724
Other corporation assets ²	101	309	369	428*	500	470	465	576	26	134	143	220*	248	212	210	258
Total direct investments	348	1,296	1,384	1,535	1,613	1,706	1,737	1,944	61	539	610	788	840	948	943	1,044
II. Government and municipal bonds¹	157	145	141	127	147	137	121	111	55	132	207	239	242	213	217	235
III. Other portfolio investments (not controlled in country of ownership):																
Bonds and debentures:																
Railways:																
Controlled in Canada	306	287	286	285	284	261	256	257	32	27	42	57	50	68	73	92
Controlled in other countries	2	1	1	1	1	—	—	—	—	—	—	—	—	—	—	—
Other corporations:																
Controlled in Canada	46	23	28	19	3	4	5	5	16	51	49	41	17	17	20	19
Controlled in other countries	57	139	139	149	144	150	148	132	1	28	25	25	21	20	17	14
Sub-totals	411	450	454	454	432	415	409	394	49	106	116	123	88	105	110	128
Capital stock of Canadian companies:																
Companies controlled in Canada	691	923	935	924	860	787	708	674	96	270	287	312	320	305	283	292
Companies controlled in other countries	56	73	76	97	91	87	88	80	16	96	99	99	89	102	106	108
Other corporation assets: ²																
Companies controlled in Canada	2	1	4	5	6	30	36	48	1	5	10	7	4	4	7	12
Companies controlled in other countries	—	2	5	6	9	9	11	3	5	4	5	5	8	5	12	7
Total other portfolio investments	1,160	1,449	1,474	1,486	1,398	1,328	1,252	1,199	167	481	517	546	509	521	518	547
IV. Miscellaneous investments:																
Real estate, mortgages, assets administered for non-residents, private investment companies, etc.	85	198	200	211	223	228	221	209	69	329*	498	564	633	653	646	622
SUMMARY																
I. Direct investments	348	1,296	1,384	1,535	1,613	1,706	1,737	1,944	61	539	610	788	840	948	943	1,044
II. Government and municipal bonds	157	145	141	127	147	137	121	111	55	132	207	239	242	213	217	235
III. Other portfolio investments	1,160	1,449	1,474	1,486	1,398	1,328	1,252	1,199	167	481	517	546	509	521	518	547
IV. Miscellaneous investments	85	198	200	211	223	228	221	209	69	329*	498	564	633	653	646	622
Total investments	1,750	3,088	3,199	3,359	3,381	3,399	3,331	3,463	352	1,481	1,832	2,137	2,224	2,335	2,324	2,448

¹ For division into Government of Canada, provincial and municipal see Table IX.
² Includes net assets of unincorporated branches and other long-term investments.

TABLE IX. Foreign Capital Invested in Canada, Selected Year Ends, 1945-64
Classification by type of investment

Long-term investments in Canada by type of investment	A. Owned by all non-residents								B. Owned in United States							
	1945	1958	1959	1960	1961	1962	1963	1964	1945	1958	1959	1960	1961	1962	1963	1964
	millions of dollars															
Government securities:																
Dominion	726	564	612	611	657	788	899	897	682	396	383	382	416	576	695	690
Provincial	624	1,276	1,585	1,632	1,743	1,862	2,217	2,564	574	1,207	1,509	1,544	1,641	1,768	2,127	2,469
Municipal	312	781	915	1,026	1,038	1,087	1,091	1,221	194	741	872	977	992	1,043	1,047	1,177
Sub-totals	1,662	2,621	3,112	3,269	3,438	3,737	4,207	4,682	1,450	2,344	2,764	2,903	3,049	3,387	3,869	4,336
Manufacturing:																
Vegetable products	268	608	664	720	749	787	824	828	199	469	509	551	586	620	654	653
Animal products	61	114	128	132	145	149	162	169	47	102	115	118	132	135	147	153
Textiles	83	135	140	141	148	142	145	148	41	73	79	84	93	92	97	99
Wood and paper products	455	1,200	1,211	1,315	1,410	1,464	1,545	1,703	383	1,021	1,026	1,116	1,207	1,242	1,323	1,422
Iron and products	319	1,312	1,451	1,580	1,647	1,742	1,895	1,952	297	1,038	1,172	1,286	1,339	1,425	1,577	1,643
Non-ferrous metals	274	1,103	1,153	1,155	1,185	1,211	1,212	1,191	209	879	928	928	973	992	996	969
Non-metallic minerals	57	207	227	276	286	310	321	314	48	129	142	151	158	162	171	179
Chemicals and allied products	169	617	660	698	768	810	848	1,094	124	444	473	492	553	584	623	851
Miscellaneous manufactures	37	85	92	98	108	116	122	133	34	79	86	92	101	109	115	127
Sub-totals (excluding petro- leum refining)	1,723	5,381	5,726	6,115	6,446	6,731	7,074	7,532	1,382	4,234	4,530	4,818	5,142	5,361	5,703	6,096
Petroleum and natural gas	160	3,187	3,455	3,727	4,029	4,384	4,703	4,786	152	2,866	3,108	3,184*	3,444	3,662	3,945	3,964
Other mining and smelting	356	1,657	1,783	1,977	2,094	2,297	2,347	2,473	277	1,386	1,513	1,701	1,821	1,998	2,054	2,115
Public utilities:																
Railways	1,599	1,413	1,405	1,406	1,366	1,270	1,231	1,236	720	489	472	479	506	472	476	491
Other (excluding pipelines and public enterprises)	493	712	739	743	656	691	590	605	374	523	544	551	513	557	505	553
Sub-totals	2,092	2,125	2,144	2,149	2,022	1,961	1,821	1,841	1,094	1,012	1,016	1,030	1,019	1,029	981	1,044
Merchandising	220	784	878	872	917	972	1,003	1,092	158	549	612	608	629	674	698	739
Financial	525	1,938	2,190	2,380	2,616	2,688	2,847	2,503*	285	1,314	1,471	1,587	1,775	1,872	2,033	1,617*
Other enterprises	70	254	284	297	348	366	361	408	62	200	225	234	282	300	292	326
Miscellaneous investments	284	1,063*	1,285	1,428	1,696	1,753	1,771	2,037	130	536	587	653	840	872	904	1,206
Total investments	7,092	19,010	20,857	22,214	23,606	24,889	26,134	27,354	4,990	14,441	15,826	16,718	18,001	19,155	20,479	21,443*
	C. Owned in United Kingdom								D. Owned in all other countries							
	1945	1958	1959	1960	1961	1962	1963	1964	1945	1958	1959	1960	1961	1962	1963	1964
	millions of dollars															
Government securities:																
Dominion	—	65	60	48	50	48	34	21	44	103	169	181	191	164	170	186
Provincial	45	47	48	47	67	60	58	61	5	22	28	41	35	34	32	34
Municipal	112	33	33	32	30	29	29	29	6	7	10	17	16	15	15	15
Sub-totals	157	145	141	127	147	137	121	111	55	132	207	239	242	213	217	235
Manufacturing:																
Vegetable products	66	124	131	137	136	136	153	158	3	15	24	32	27	31	17	17
Animal products	6	6	7	8	7	7	8	6	8	6	6	6	6	7	7	10
Textiles	38	60	59	55	53	48	46	47	4	2	2	2	2	2	2	2
Wood and paper products	64	155	159	167	174	188	182	244	8	24	26	32	29	34	40	37
Iron and products	12	202	194	201	209	209	206	203	10	72	85	93	99	108	112	106
Non-ferrous metals	64	195	192	188	177	183	184	182	1	29	33	39	35	36	32	40
Non-metallic minerals	8	40	45	55	54	66	67	49	1	38	40	70	74	82	83	86
Chemicals and allied products	36	146	153	169	176	183	180	183	9	27	34	37	39	43	45	60
Miscellaneous manufactures	2	5	5	5	6	6	6	5	1	1	1	1	1	1	1	1
Sub-totals (excluding petro- leum refining)	296	933	945	985	992	1,026	1,032	1,077	45	214	251	312	312	344	339	359
Petroleum and natural gas	7	134	162	270*	296	355	380	436	1	187	185	273*	289	367	378	386
Other mining and smelting	60	171	160	152	148	184	161	211	19	100	110	124	125	115	132	147
Public utilities:																
Railways	806	794	783	755	699	618	584	560	73	130	150	172	161	180	171	185
Other (excluding pipelines and public enterprises)	90	115	125	125	76	78	53	25	29	74	70	67	67	56	32	27
Sub-totals	896	909	908	880	775	696	637	585	102	204	220	239	228	236	203	212
Merchandising	57	197	225	214	238	241	250	273	5	38	41	50	50	57	55	80
Financial	186	360	413	469	512	467	481	501	54	264	306	324	329	329	333	385
Other enterprises	6	41	45	51	50	45	48	60	2	13	14	12	16	21	21	22
Miscellaneous investments	85	198	200	211	223	228	221	209	69	329*	498	564	633	653	646	622
Total investments	1,750	3,088	3,199	3,359	3,381	3,399	3,331	3,463	352	1,481	1,832	2,137	2,224	2,335	2,324	2,448

TABLE X. Foreign Direct Investment¹ in Canada, Selected Year Ends, 1945-64
Classification by type of business

Direct investment in Canada by type of business	A. Owned by all non-residents								B. Owned in United States							
	1945	1958	1959	1960	1961	1962	1963	1964	1945	1958	1959	1960	1961	1962	1963	1964
	millions of dollars															
Manufacturing:																
Vegetable products	200	521	578	637	648	691	738	738	140	403	442	488	504	539	583	576
Animal products	47	105	119	122	135	140	153	160	44	95	108	111	125	129	141	148
Textiles	56	115	117	118	122	124	127	129	28	63	68	72	78	82	87	89
Wood and paper products	348	945	951	1,033	1,064	1,098	1,184	1,289	316	819	822	886	939	950	1,029	1,078
Iron and products	277	1,205	1,345	1,441	1,504	1,584	1,730	1,776	272	961	1,095	1,198	1,248	1,326	1,479	1,538
Non-ferrous metals	211	926	977	983	1,020	1,022	1,034	1,013	203	845	892	890	931	939	949	923
Non-metallic minerals	43	174	198	240	249	265	274	267	39	110	127	134	140	136	145	152
Chemicals and allied products	144	595	637	671	741	780	822	1,043	118	434	460	478	538	565	605	810
Miscellaneous manufactures	33	82	89	97	106	115	120	130	31	76	83	91	100	109	114	125
Sub-totals (excluding petro- leum refining).....	1,359	4,668	5,011	5,342	5,589	5,819	6,182	6,545	1,191	3,806	4,097	4,348	4,603	4,775	5,132	5,439
Petroleum and natural gas	141	2,816	3,082	3,313	3,534	3,901	4,119	4,201	141	2,598	2,836	2,885*	3,060	3,277	3,464	3,472
Other mining and smelting	237	1,116	1,223	1,439	1,549	1,686	1,758	1,915	215	1,030	1,146	1,348	1,451	1,595	1,666	1,774
Utilities (excluding pipelines)	375	287	282	285	289	294	299	301	358	216	217	224	228	238	250	276
Merchandising	202	684	761	757	804	859	883	967	147	458	505	501	520	565	586	622
Financial	339	1,073	1,289	1,464	1,660	1,769	1,867	1,596*	198	750	904	1,028	1,171	1,287	1,394	1,031*
Other enterprises	60	236	258	272	312	332	326	364	54	187	207	215	251	269	262	287
Totals	2,713	10,880	11,906	12,872	13,737	14,660	15,434	15,889*	2,304	9,045	9,912	10,549	11,284	12,006	12,754	12,901*
	C. Owned in United Kingdom								D. Owned in all other countries							
	1945	1958	1959	1960	1961	1962	1963	1964	1945	1958	1959	1960	1961	1962	1963	1964
	millions of dollars															
Manufacturing:																
Vegetable products	60	108	117	124	123	129	146	152	—	10	19	25	21	23	9	10
Animal products	3	5	6	6	6	6	7	6	—	5	5	5	4	5	5	6
Textiles	26	51	49	45	43	41	39	39	2	1	—	1	1	1	1	1
Wood and paper products	30	125	127	138	115	133	133	192	2	1	2	9	10	15	22	19
Iron and products	4	186	180	185	191	190	190	185	1	58	70	58	65	68	61	53
Non-ferrous metals	8	63	64	65	65	60	62	59	—	18	21	28	24	23	23	31
Non-metallic minerals	4	30	34	38	37	49	49	31	—	34	37	68	72	80	80	84
Chemicals and allied products	19	143	150	162	170	177	176	177	7	18	27	31	33	38	41	56
Miscellaneous manufactures	2	5	5	5	5	5	5	4	—	1	1	1	1	1	1	1
Sub-totals (excluding petro- leum refining).....	156	716	732	768	755	790	807	845	12	146	182	226	231	254	243	261
Petroleum and natural gas	—	90	116	208*	234	298	323	390	—	128	130	220*	240	326	332	339
Other mining and smelting	22	77	68	66	62	67	63	104	—	9	9	25*	36	24	29	37
Utilities (excluding pipelines)	16	41	40	40	38	38	33	14	1	30	25	21	23	18	16	11
Merchandising	51	191	219	208	231	236	244	268	4	35	37	48	53	58	53	77
Financial	98	142	168	198	246	234	222	265	43	181	217	238	243	248	251	300
Other enterprises	5	39	41	47	47	43	45	58	1	10	10	10	14	20	19	19
Totals	348	1,296	1,384	1,535	1,613	1,706	1,737	1,944	61	539	610	788	840	948	943	1,044

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

TABLE XI. Number of Canadian Concerns Controlled Abroad, Year Ends, 1962 - 64¹
 Classification by type of business and country of ownership

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
1962										
Manufacturing:										
Vegetable products	165	6	171	64	—	64	14	—	14	249
Animal products	62	—	62	8	—	8	6	—	6	76
Textiles	101	1	102	28	1	29	4	—	4	135
Wood and paper products	251	12	263	55	2	57	17	—	17	337
Iron and products	551	18	569	111	1	112	37	1	38	719
Non-ferrous metals	327	10	337	46	—	46	25	1	26	409
Non-metallic minerals	91	4	95	48	—	48	25	—	25	168
Chemicals and allied products	340	27	367	61	1	62	20	1	21	450
Miscellaneous manufactures	127	5	132	13	—	13	5	—	5	150
Sub-totals (excluding petroleum refining)	2,015	83	2,098	434	5	439	153	3	156	2,693
Petroleum and natural gas	377	93	470	32	—	32	29	4	33	535
Other mining and smelting	283	35	318	57	—	57	22	—	22	397
Utilities:										
Railways	8	5	13	6	—	6	1	—	1	20
Other utilities (excluding pipelines)	105	23	128	34	4	38	27	8	35	201
Merchandising	986	135	1,121	394	40	434	154	10	164	1,719
Financial:										
Financial institutions except insurance	102	13	115	43	—	43	22	3	25	183
Insurance	26	164	190	27	80	107	18	42	60	357
Real estate	156	17	173	67	2	69	33	2	35	277
Other holding companies ²	39	5	44	41	1	42	47	1	48	134
Other enterprises	602	82	684	146	9	155	62	5	67	906
Totals, all companies³	4,699	655	5,354	1,281	141	1,422	568	78	646	7,422
1963										
Manufacturing:										
Vegetable products	172	6	178	56	—	56	9	—	9	243
Animal products	63	1	64	6	1	7	6	—	6	77
Textiles	102	1	103	27	1	28	6	—	6	137
Wood and paper products	256	10	266	59	2	61	17	—	17	344
Iron and products	592	23	615	116	—	116	39	1	40	771
Non-ferrous metals	329	6	335	45	—	45	27	—	27	407
Non-metallic minerals	69	4	73	46	—	46	25	—	25	144
Chemicals and allied products	351	25	376	63	—	63	23	1	24	463
Miscellaneous manufactures	139	4	143	12	—	12	5	—	5	160
Sub-totals (excluding petroleum refining)	2,073	80	2,153	430	4	434	157	2	159	2,746
Petroleum and natural gas	379	99	478	30	—	30	32	4	36	544
Other mining and smelting	257	34	291	58	—	58	21	1	22	371

See footnotes at end of table.

TABLE XI. Number of Canadian Concerns Controlled Abroad, Year Ends, 1962-64¹ - Concluded

Type of business	Controlled in United States			Controlled in United Kingdom			Controlled in other countries			Controlled outside Canada
	Subsidiaries or controlled companies	Un-incorporated branches	Total number	Subsidiaries or controlled companies	Un-incorporated branches	Total number	Subsidiaries or controlled companies	Un-incorporated branches	Total number	Total number
1963 - Concluded										
Utilities:										
Railways	8	5	13	6	-	6	-	-	-	19
Other utilities (excluding pipelines)	96	23	119	34	4	38	23	8	31	188
Merchandising	983	125	1,108	393	39	432	152	11	163	1,703
Financial:										
Financial institutions except insurance	116	16	132	46	-	46	20	3	23	201
Insurance	31	168	199	28	79	107	17	42	59	365
Real estate	167	20	187	70	1	71	38	4	42	300
Other holding companies ²	33	5	38	42	-	42	48	1	49	129
Other enterprises	611	75	686	141	8	149	65	1	66	901
Totals, all companies⁴	4,754	650	5,404	1,278	135	1,413	573	77	650	7,467
1964										
Manufacturing:										
Vegetable products	169	6	175	68	1	69	10	-	10	254
Animal products	61	1	62	8	3	11	8	-	8	81
Textiles	100	1	101	25	-	25	4	-	4	130
Wood and paper products	247	10	257	75	-	75	14	-	14	346
Iron and products	616	21	637	106	-	106	45	1	46	789
Non-ferrous metals	327	7	334	46	-	46	25	-	25	405
Non-metallic minerals	73	4	77	25	-	25	27	-	27	129
Chemicals and allied products	362	22	384	54	-	54	31	1	32	470
Miscellaneous manufactures	146	3	149	8	-	8	3	-	3	160
Sub-totals (excluding petroleum refining)	2,101	75	2,176	415	4	419	167	2	169	2,764
Petroleum and natural gas	382	96	478	37	-	37	74	4	78	593
Other mining and smelting	281	33	314	52	-	52	24	1	25	391
Utilities:										
Railways	8	5	13	6	-	6	-	-	-	19
Other utilities (excluding pipelines)	89	23	112	27	3	30	21	8	29	171
Merchandising	1,033	127	1,160	365	37	402	163	9	172	1,734
Financial:										
Financial institutions except insurance	115	19	134	51	-	51	20	2	22	207
Insurance	33	163	196	28	76	104	19	40	59	359
Real estate	194	18	212	78	2	80	100	4	104	396
Other holding companies ²	56	2	58	44	-	44	83	1	84	186
Other enterprises	665	72	737	168	7	175	75	1	76	988
Totals, all companies⁴	4,957	633	5,590	1,271	129	1,400	746	72	818	7,808

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. 1,132; in the U.K. 515; in other countries 133.

⁴ Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 1,179; in the U.K. 532; in other countries 128.

⁵ Includes wholly-owned subsidiaries of Canadian companies controlled in the U.S. 1,195; in the U.K. 523; in other countries 188.

TABLE XII. Estimates of Foreign Capital Invested in Canada, Selected Year Ends, 1900 - 64

	1900 ¹	1914 ¹	1918 ²	1926	1930	1933	1939	1945	1946	1947	1948	1949	1950	1951
Millions of dollars														
Investment by residents of the United States:														
Direct .. .. .	..	..	..	1,403	1,993	1,933	1,881	2,304	2,428	2,548	2,807	3,095	3,426	3,896
Portfolio ³ .. .. .	..	..	..	1,793	2,667	2,559	2,270	2,686	2,730	2,653	2,760	2,811	3,123	3,363
Totals	168	881	1,630	3,196	4,660	4,492	4,151	4,990	5,158	5,201	5,567	5,906	6,549	7,259
Investment by residents of the United Kingdom:														
Direct .. .. .	..	..	..	336	392	376	366	348	335	372	400	428	468	497
Portfolio ³ .. .. .	..	..	..	2,301	2,374	2,307	2,110	1,402	1,335	1,275	1,210	1,289	1,282	1,281
Totals	1,050	2,778	2,729	2,637	2,766	2,683	2,476	1,750	1,670	1,647	1,610	1,717	1,750	1,778
Investment by residents of other countries:														
Direct .. .. .	..	..	..	43	42	43	49	61	63	66	63	63	81	127
Portfolio ³ .. .. .	..	..	..	127	146	147	237	291	290	277	269	277	284	313
Totals	14	178	177	170	188	190	286	352	353	343	332	340	365	440
Investment by all non-residents:														
Direct .. .. .	..	..	..	1,782	2,427	2,352	2,296	2,713	2,826	2,986	3,270	3,586	3,975	4,520
Portfolio ³ .. .. .	..	..	..	4,221	5,187	5,013	4,617	4,379	4,355	4,205	4,239	4,377	4,689	4,957
Totals	1,232	3,837	4,536	6,003	7,614	7,365	6,913	7,092	7,181	7,191	7,509	7,963	8,664	9,477
Percentages														
Percentages, by area, of total non-resident investment:														
United States	14	23	36	53	61	61	60	70	72	72	74	74	76	76
United Kingdom	85	72	60	44	36	36	36	25	23	23	22	22	20	19
Other countries	1	5	4	3	3	3	4	5	5	5	4	4	4	5
	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	
Millions of dollars														
Investment by residents of the United States:														
Direct	4,530	5,206	5,787	6,513	7,392	8,472	9,045	9,912	10,549	11,284	12,006	12,754	12,901*	
Portfolio ³	3,467	3,664	3,877	3,762	4,397	4,792	5,396	5,914	6,169	6,717	7,149	7,725	8,542	
Totals	7,997	8,870	9,664	10,275	11,789	13,264	14,441	15,826	16,718	18,001	19,155	20,479	21,443	
Investment by residents of the United Kingdom:														
Direct	544	612	759	890	1,048	1,163	1,296	1,384	1,535	1,613	1,706	1,737	1,944	
Portfolio ³	1,342	1,396	1,418	1,466	1,620	1,754	1,792	1,815	1,824	1,768	1,693	1,594	1,519	
Totals	1,886	2,008	2,177	2,356	2,668	2,917	3,088	3,199	3,359	3,381	3,399	3,331	3,463	
Investment by residents of other countries:														
Direct	144	185	218	325	428	494	539	610	788	840	948	943	1,044	
Portfolio ³	358	398	485	517	684	789	942	1,222	1,349	1,384	1,387	1,381	1,404	
Totals	502	583	703	842	1,112	1,283	1,481	1,832	2,137	2,224	2,335	2,324	2,448	
Investment by all non-residents:														
Direct	5,218	6,003	6,764	7,728	8,868	10,129	10,880	11,906	12,872	13,737	14,660	15,434	15,889	
Portfolio ³	5,167	5,458	5,780	5,745	6,701	7,335	8,130	8,951	9,342	9,869	10,229	10,700	11,465	
Totals	10,385	11,461	12,544	13,473	15,569	17,464	19,010	20,857	22,214	23,606	24,889	26,134	27,354	
Percentages														
Percentages, by area, of total non-resident investment:														
United States	77	77	77	76	76	76	76	76	75	76	77	78	78	
United Kingdom	18	18	17	18	17	17	16	15	15	14	14	13	13	
Other countries	5	5	6	6	7	7	8	9	10	10	9	9	9	

¹ Estimated by Dr. Jacob Viner, "Canada's Balance of International Indebtedness, 1900-1913", (Cambridge 1924).

² Estimated by Prof. F.A. Knox, Excursus appearing in "Canadian-American Industry" Marshall, Southard and Taylor, (New Haven, Toronto 1936).

³ Including miscellaneous investments.

TABLE XIII. Non-resident Ownership as a Percentage of Selected Canadian Industries, Selected Year Ends, 1926 - 63¹

Industry classification	1926	1930	1939	1948	1954 ²	1954	1955	1956	1957	1958	1959	1960	1961	1962 ^r	1963
Percentage of total owned by all non-residents:															
Manufacturing	38	40	42	42	48	47	47	48	50	51	51	52	54	54	54
Petroleum and natural gas	2	2	2	2	2	60	63	65	63	62	62	62	63	63	64
Mining and smelting	37	44	40	39	57	53	53	54	56 ³	56	58	60	62	63	62
Railways	55	56	57	45	35	35	33	33	30	29	27	26	25	23	23
Other utilities	32	36	27	20	17	14	13	14	14	14	14	14	13	13	13
Totals of above industries and merchandising⁴	37	39	38	32	32	32	32	33	34	34	34	34	35	35	35
Percentage of total owned by United States residents:															
Manufacturing	30	33	34	35	39	37	37	38	39	40	41	41	43	43	44
Petroleum and natural gas	2	2	2	2	2	57	58	59	57	56	55	53 [*]	54	53	54
Mining and smelting	28	34	31	32	52	47	46	46	46 ³	47	49	52	54	55	54
Railways	15	21	18	21	15	15	13	12	11	10	9	9	9	9	9
Other utilities	23	30	20	16	15	12	10	11	11	12	12	12	11	11	12
Totals of above industries and merchandising⁴	19	24	22	23	25	25	25	26	26	26	26	27	27	28	28

¹ For years 1951 to 1953, see Table XII, "The Canadian Balance of International Payments, 1957 and International Investment Position".

² Petroleum and natural gas industry not available separately before 1954. For treatment see page 33, "The Canadian Balance of International Payments, 1957 and International Investment Position".

³ Commencing in 1957 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 and smelting.

⁴ Corporations engaged in the construction industry are included in the postwar period.

Note: For data from which this table was constructed and for further explanations see Table XVI.

TABLE XIV. Non-resident Control as a Percentage of Selected Canadian Industries, Selected Year Ends, 1926 - 63¹

Industry classification	1926	1930	1939	1948	1954 ²	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Percentage of total control by all non-residents:															
Manufacturing	35	36	38	43	54	51	52	52	56	57	57	59	59	60	60
Petroleum and natural gas	2	2	2	2	2	69	79	80	76	73	73	73	72	74	74
Mining and smelting	38	47	42	40	57	51	57	58	61	60	61	61	59	58	59
Railways	3	3	3	3	2	2	2	2	2	2	2	2	2	2	2
Other utilities	20	29	26	24	11	8	8	6	5	5	5	5	5	4	4
Totals of above industries and merchandising³	17	20	21	25	28	28	30	31	32	32	32	33	33	34	34
Percentage of total control by United States residents:															
Manufacturing	30	31	32	39	45	42	42	41	43	44	44	44	45	45	46
Petroleum and natural gas	2	2	2	2	2	67	73	73	70	67	67	64 [*]	63	63	62
Mining and smelting	32	42	38	37	54	49	55	52	52	51	53	53	52	52	52
Railways	3	3	3	3	2	2	2	2	2	2	2	2	2	2	2
Other utilities	20	29	26	24	11	7	6	4	4	4	4	4	4	4	4
Totals of above industries and merchandising³	15	18	19	22	24	24	26	26	27	26	26	26	26	27	27

¹ For years 1951 to 1953, see Table XIV, "The Canadian Balance of International Payments, 1957 and International Investment Position".

² Petroleum and natural gas industry not available separately before 1954. For treatment see page 33, "The Canadian Balance of International Payments, 1957 and International Investment Position".

³ Corporations engaged in the construction industry are included in the postwar period.

Note: For data from which this table was constructed and for further explanations see Table XVI.

TABLE XV. Ownership and Control of Selected Canadian Industries, Year Ends, 1961-63¹

Enterprise classification	Estimated total investment	Investment owned in				Total Canadian and external capital in enterprises controlled in			Percentage of capital employed owned in				Percentage of capital employed controlled in		
		Canada	United States	United Kingdom	Other countries	Canada	United States	Elsewhere outside Canada	Canada	United States	United Kingdom	Other countries	Canada	United States	Elsewhere outside Canada
End of 1961 ²		millions of dollars							per cent						
Manufacturing: ²															
Beverages	522	383	120	16	3	447	69	6	74	23	3	—	86	13	1
Rubber	211	26	170	15	—	2	192	17	12	81	7	—	1	91	8
Textiles	614	466	93	53	2	476	85	53	76	15	9	—	77	14	9
Pulp and paper	2,223	1,098	959	148	18	1,196	773	254	49	43	7	1	54	35	11
Agricultural machinery ³	186	102	79	1	4	92	90	4	55	42	1	2	50	48	2
Automobiles and parts	467	45	421	1	—	13	451	3	10	90	—	—	3	97	—
Transportation equipment n.o.p.	249	107	58	84	—	74	64	111	43	23	34	—	30	26	44
Primary iron and steel	873	614	165	65	29	651	114	108	70	19	8	3	75	13	12
Electrical apparatus	595	159	380	35	21	128	394	73	27	64	6	3	22	66	12
Chemicals	1,226	459	553	176	38	297	638	291	38	45	14	3	24	52	24
Other	5,502	2,415	2,426	448	213	1,833	2,801	868	44	44	8	4	34	50	16
Sub-totals	12,668	5,874	5,424	1,042	328	5,209	5,671	1,788	46	43	8	3	41	45	14
Petroleum and natural gas	6,428	2,399	3,444	296	289	1,768	4,038	622	37	54	5	4	28	63	9
Mining:															
Smelting and refining of non-ferrous native ores	968	432	421	62	53	434	534	—	45	44	6	5	45	55	—
Other mining	2,428	870	1,400	86	72	968	1,243	217	36	58	3	3	40	51	9
Sub-totals	3,396	1,302	1,821	148	125	1,402	1,777	217	38	54	4	4	41	52	7
Totals of above industries	22,492	9,575	10,689	1,486	742	8,379	11,486	2,627	43	47	7	3	37	51	12
End of 1962		millions of dollars							per cent						
Manufacturing: ²															
Beverages	550	415	121	11	3	472	72	6	75	22	2	1	86	13	1
Rubber	210	27	169	14	—	4	190	16	13	80	7	—	2	90	8
Textiles	639	497	92	48	2	501	90	48	78	14	8	—	78	14	8
Pulp and paper	2,282	1,103	995	160	24	1,221	784	277	48	44	7	1	54	34	12
Agricultural machinery ³	187	93	90	1	3	88	96	3	50	48	—	2	47	51	2
Automobiles and parts	495	51	443	1	—	23	470	2	10	90	—	—	5	95	—
Transportation equipment n.o.p.	243	94	58	91	—	58	67	118	39	24	37	—	24	28	48
Iron and steel mills	938	691	151	59	37	738	92	108	74	16	6	4	79	10	11
Electrical apparatus	669	200	416	32	21	157	439	73	30	62	5	3	23	66	11
Chemicals	1,351	541	584	183	43	337	697	317	40	43	14	3	25	52	23
Other	5,525	2,280	2,542	471	232	1,691	2,903	931	41	46	9	4	31	52	17
Sub-totals	13,089	5,992	5,661	1,071	365	5,290	5,900	1,899	46	43	8	3	40	45	15
Petroleum and natural gas	6,922	2,538	3,662	355	367	1,796	4,334	792	37	53	5	5	26	63	11
Mining:															
Smelting and refining of non-ferrous native ores	1,042	465	436	89	52	506	536	—	45	42	8	5	49	51	—
Other mining	2,595	875	1,562	95	63	1,021	1,353	221	34	60	4	2	39	52	9
Sub-totals	3,637	1,340	1,998	184	115	1,527	1,889	221	37	55	5	3	42	52	6
Totals of above industries	23,648	9,870	11,321	1,610	847	8,613	12,123	2,912	42	48	7	3	37	51	12
End of 1963		millions of dollars							per cent						
Manufacturing: ²															
Beverages	589	436	137	12	4	488	101 ⁴	—	74	23	2	1	83	17 ⁴	—
Rubber	216	28	175	13	—	6	195	15	13	81	6	—	3	90	7
Textiles	713	568	97	46	2	568	96	49	80	14	6	—	80	13	7
Pulp and paper	2,313	1,108	1,027	153	25	1,217	817	279	48	44	7	1	53	35	12
Agricultural machinery ³	207	106	96	1	4	104	103 ⁴	—	51	46	1	2	50	50 ⁴	—
Automobiles and parts	573	51	521	1	—	15	558 ⁴	—	9	91	—	—	3	97 ⁴	—
Transportation equipment n.o.p.	253	103	64	86	—	55	85	113	41	25	34	—	22	33	45
Iron and steel mills	874 [*]	696	70 [*]	65	43	752	14 [*]	108	80	8 [*]	7	5	86	2 [*]	12
Electrical apparatus	691	208	429	32	22	161	458	72	30	62	5	3	23	66	11
Chemicals	1,337	489	623	180	45	295	727	315	37	47	13	3	22	54	24
Other	5,888	2,426	2,756	491	215	1,790	3,154	944	41	47	8	4	30	54	16
Sub-totals	13,654	6,219	5,995	1,080	360	5,451	6,308	1,895	46	44	8	2	40	46	14
Petroleum and natural gas	7,295	2,592	3,945	380	378	1,841	4,609	845	36	54	5	5	26	62	12
Mining:															
Smelting and refining of non-ferrous native ores	1,066	513	415	84	54	521	545	—	48	39	8	5	49	51	—
Other mining	2,743	949	1,639	77	78	1,038	1,435	270	34	60	3	3	38	52	10
Sub-totals	3,809	1,462	2,054	161	132	1,559	1,980	270	38	54	4	4	41	52	7
Totals of above industries	24,758	10,273	11,994	1,621	870	8,851	12,897	3,010	41	48	7	4	36	52	12

¹ The figures in this table are subject to important statistical qualifications which are described under the note "About the figures - Estimated Values of Total Capital and Resident-owned Capital in Some Areas of National Wealth", on pages 62-63 of "The Canadian Balance of International Payments, 1960 and International Investment Position".

² Includes "Other enterprises".

³ Includes enterprises also engaged in the manufacture of other heavy equipment which tends to overstate foreign-owned and controlled proportion of capital actually engaged in the manufacture of agricultural implements only.

⁴ Includes minor amounts attributable to United Kingdom and other countries; an offsetting adjustment has been made in other manufacturing.

TABLE XVI. Estimated Book Value, Ownership and Control of Capital Employed in Selected Canadian Industries, Year Ends, 1954-63¹

Industry	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
	billions of dollars									
Total capital employed:²										
Manufacturing	8.3	8.9	10.0	10.7	11.0	11.7	12.2	12.7	13.1	13.7
Petroleum and natural gas	2.5	3.0	3.5	4.5	5.1	5.6	6.1	6.4	6.9	7.3
Other mining and smelting	1.9	2.1	2.5	2.8	2.9	3.1	3.3	3.4	3.6	3.8
Railways	4.1	4.2	4.4	4.6	4.9	5.2	5.3	5.4	5.4	5.3
Other utilities	5.3	5.8	6.4	7.4	8.0	8.5	9.2	10.3	10.6	12.2
Merchandising ³ and construction	6.1	6.6	7.3	7.8	8.5	9.5	9.4	9.4	9.5	9.8
Totals of above	28.2	30.5	34.1	37.6	40.5	43.6	45.6	47.6	49.2	52.1
Resident-owned capital:										
Manufacturing	4.4	4.7	5.2	5.4	5.4	5.7	5.8	5.9	6.0	6.2
Petroleum and natural gas	1.0	1.1	1.3	1.6	2.0	2.2	2.3	2.4	2.5	2.6
Other mining and smelting	0.9	1.0	1.1	1.3	1.3	1.3	1.3	1.3	1.3	1.5
Railways	2.7	2.8	2.9	3.2	3.5	3.8	3.9	4.0	4.1	4.1
Other utilities	4.6	5.0	5.5	6.3	6.9	7.3	7.9	9.0	9.2	10.6
Merchandising and construction	5.5	6.0	6.6	7.0	7.7	8.6	8.5	8.5	8.5	8.8
Totals of above	19.1	20.6	22.7	24.8	26.7	28.8	29.9	31.1	31.8	33.8
Non-resident-owned capital:⁴										
Manufacturing	3.9	4.2	4.8	5.3	5.6	6.0	6.4	8.8	7.1	7.4
Petroleum and natural gas	1.5	1.9	2.3	2.8	3.2	3.5	3.7	4.0	4.4	4.7
Other mining and smelting	1.0	1.1	1.3	1.6	1.7	1.8	2.0	2.1	2.3	2.3
Railways	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.2
Other utilities	0.7	0.7	0.9	1.0	1.1	1.2	1.3	1.3	1.3	1.5
Merchandising	0.6	0.6	0.7	0.7	0.8	0.9	0.9	0.9	1.0	1.0
Totals of above	9.1	9.9	11.4	12.9	13.8	14.8	15.7	16.5	17.4	18.3
United States-owned investments:⁴										
Manufacturing	3.1	3.3	3.8	4.2	4.4	4.8	5.1	5.4	5.7	6.0
Petroleum and natural gas	1.4	1.7	2.1	2.6	2.9	3.1	3.2*	3.4	3.7	3.9
Other mining and smelting	0.9	1.0	1.1	1.3	1.4	1.5	1.7	1.8	2.0	2.1
Railways	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other utilities	0.6	0.6	0.7	0.8	0.9	1.0	1.1	1.1	1.2	1.4
Merchandising	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7
Totals of above	7.0	7.6	8.7	9.9	10.7	11.5	12.1	12.9	13.6	14.6
Total Canadian and foreign investment in enterprises controlled outside Canada:										
Manufacturing	4.3	4.6	5.2	5.9	6.3	6.7	7.2	7.5	7.8	8.2
Petroleum and natural gas	1.7	2.3	2.8	3.4	3.8	4.1	4.4	4.7	5.1	5.4
Other mining and smelting	1.0	1.2	1.4	1.7	1.8	1.9	2.0	2.0	2.1	2.3
Railways	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other utilities	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Merchandising	0.5	0.6	0.6	0.7	0.7	0.8	1.0	1.1	1.1	1.1
Totals of above	8.0	9.3	10.5	12.2	13.1	14.0	15.2	15.7	16.7	17.6
Total Canadian and foreign investment in enterprises controlled in the United States:										
Manufacturing	3.5	3.7	4.1	4.6	4.8	5.1	5.4	5.7	5.9	6.3
Petroleum and natural gas	1.7	2.2	2.6	3.1	3.5	3.7	3.9*	4.0	4.3	4.6
Other mining and smelting	0.9	1.1	1.3	1.5	1.5	1.6	1.7	1.8	1.9	2.0
Railways	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other utilities	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Merchandising	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7
Totals of above	6.9	7.9	8.8	10.0	10.7	11.5	12.0	12.6	13.2	14.0

¹ For selected year ends 1926 to 1956 (without segregation of petroleum and natural gas industry) see Table XVI, "The Canadian Balance of International Payments, 1958 and International Investment Position".

² Estimated from "Taxation Statistics" and other sources.

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 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, some of the year-to-year changes derived from the table may have only a limited significance and may from time to time be misleading. Because of rounding totals do not necessarily equal the sum of their component parts.

TABLE XVII A. Investment in All and in Selected United States-controlled Manufacturing Enterprises in Canada, End of 1946 with Statistics of Manufacturing Operations for the Selected Enterprises, 1946

Classification by principal activity of enterprise

No.	Principal manufacturing activity of enterprise	All United States-controlled enterprises			Selected United States-controlled enterprises ¹		
		Enterprises	Aggregate investment in Canada	United States ownership	Percentage of all United States direct investment		
					Enterprises	Aggregate investment in Canada	United States ownership
		No.	millions of dollars		per cent		
1	Vegetable products	93	157	146	26	86	87
2	Animal products	30	49	42	20	90	90
3	Textiles	54	32	29	11	37	41
4	Wood and paper products	117	367	350	12	81	81
5	Iron and products	206	308	283	22	81	80
6	Non-ferrous metals	101	310	208	19	90	86
7	Non-metallic minerals	41	34	33	17	65	67
8	Chemicals and allied products	213	170	134	11	70	64
9	Miscellaneous manufactures	50	36	36	10	67	67
10	Totals—Manufacturing enterprises	905²	1,463	1,261	17	81	79
11	Manufacturing operations at selected United States-controlled petroleum refining, exploration and development, mining and merchandising enterprises .....	...	...	...	...	...	...
12	Grand totals .....	...	...	...	...	...	...

¹ Manufacturing enterprises are those included in the DBS report "United States Direct Investments in Canada: Statistics of Investments in all companies and operations of the larger manufacturing companies" (1949) regrouped to correspond with corporate investment classification.

² Gross value of products reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XVIII B. Investment in All and in Selected United States-controlled Manufacturing Enterprises in Canada, End of 1953 with Statistics of Manufacturing Operations for the Selected Enterprises, 1953

Classification by principal activity of enterprise

No.	Principal manufacturing activity of enterprise	All United States-controlled enterprises			Selected United States-controlled enterprises		
		Enterprises	Aggregate investment in Canada	United States ownership	Percentage of all United States direct investment		
					Enterprises	Aggregate investment in Canada	United States ownership
		No.	millions of dollars		per cent		
1	Vegetable products	101	290	261	40	90	91
2	Animal products	40	71	70	15	89	90
3	Textiles	68	47	43	22	68	70
4	Wood and paper products	137	678	560	25	95	94
5	Iron and products	301	665	591	32	83	82
6	Non-ferrous metals	156	822	519	28	96	94
7	Non-metallic minerals	52	92	72	33	87	85
8	Chemicals and allied products	266	368	266	15	86	81
9	Miscellaneous manufactures	79	66	65	14	80	80
10	Totals—Manufacturing enterprises	1,200²	3,099	2,447	25	90	88
11	Manufacturing operations at selected United States-controlled petroleum refining, exploration and development, mining and merchandising enterprises .....	...	...	...	...	...	...
12	Grand totals .....	...	...	...	...	...	...

¹ Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

² These concerns had 182 wholly-owned manufacturing subsidiaries in Canada.

TABLE XVII A. Investment in All and in Selected United States-controlled Manufacturing Enterprises in Canada, End of 1946 with Statistics of Manufacturing Operations for the Selected Enterprises, 1946
Classification by principal activity of enterprise

Selected United States-controlled enterprises ¹										
Enterprises	Aggregate investment in Canada	United States ownership	Manufacturing operations classified by enterprise							No.
			Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Gross value of products ²		
No.	millions of dollars		No.			millions of dollars				
24	135	127	78	20,641	36	139	108	251	1	
6	44	38	72	8,831	16	108	28	137	2	
6	12	12	7	3,432	5	9	9	18	3	
14	296	284	58	16,628	36	100	89	204	4	
45	250	227	73	48,398	93	218	154	378	5	
19	278	179	59	38,424	69	113	133	258	6	
7	22	22	12	2,366	5	9	12	23	7	
24	119	86	89	12,321	22	60	77	144	8	
5	24	24	9	4,674	9	16	18	34	9	
150	1,180	999	457	155,715	291	772	630	1,447	10	
...	...	...	20	11,796	24	213	67	296	11
...	...	...	477	167,511	315	985	697	1,743	12

¹ These concerns had 100 wholly-owned manufacturing subsidiaries in Canada.

² These concerns had 32 wholly-owned manufacturing subsidiaries in Canada.

TABLE XVIII B. Investment in All and in Selected United States-controlled Manufacturing Enterprises in Canada, End of 1953 with Statistics of Manufacturing Operations for the Selected Enterprises, 1953
Classification by principal activity of enterprise

Selected United States-controlled enterprises										
Enterprises	Aggregate investment in Canada	United States ownership	Manufacturing operations classified by enterprise							No.
			Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ¹		
No.	millions of dollars		No.			millions of dollars				
40	262	238	122	31,370	99	335	312	654	1	
6	63	63	53	8,248	26	166	50	219	2	
15	32	30	23	6,343	16	23	26	50	3	
34	643	526	141	30,457	117	290	285	608	4	
96	554	486	133	79,013	293	866	580	1,458	5	
44	786	486	97	58,661	200	368	433	835	6	
17	80	61	27	7,059	25	49	57	115	7	
40	317	216	122	21,588	74	181	217	411	8	
11	53	52	17	17,009	61	77	106	184	9	
303³	2,790	2,157	735	259,748	911	2,354	2,066	4,535	10	
...	...	...	36	19,491	78	594	253	885	11
...	...	...	771	279,239	989	2,948	2,319	5,420	12

³ These concerns had 58 wholly-owned manufacturing subsidiaries in Canada.

TABLE XVII C. Investment in All and in Selected United States-controlled Manufacturing Enterprises in Canada, End of 1960 with Statistics of Manufacturing Operations for the Selected Enterprises, 1961
Classification by principal activity of enterprise

No.	Principal manufacturing activity of enterprise	All United States-controlled enterprises			Selected United States-controlled enterprises		
		Enterprises ¹	Aggregate investment in Canada	United States ownership	Percentage of all United States direct investment		
					Enterprises	Aggregate investment in Canada	United States ownership
		No.	millions of dollars		per cent		
1	Vegetable products	115	528	488	42.6	96.4	97.4
2	Animal products	41	113	111	24.4	90.9	91.2
3	Textiles	78	85	72	25.6	77.2	76.7
4	Wood and paper products	176	1,003	886	30.1	97.5	97.9
5	Iron and products	425	1,301	1,198	34.4	93.7	93.9
6	Non-ferrous metals	222	1,241	890	33.3	96.5	95.8
7	Non-metallic minerals	63	167	134	42.9	92.3	91.6
8	Chemicals and allied products	282	570	478	23.8	89.9	89.1
9	Miscellaneous manufactures	106	94	91	22.6	79.2	80.6
10	Totals - Manufacturing enterprises	1,504¹	5,102	4,348	30.9	94.3	94.3
11	Manufacturing operations at other selected United States-controlled enterprises .....	...	...	...	...	...	...
12	Grand totals .....	...	...	...	...	...	...

¹ Totals have been corrected for the exceptional allocation of enterprises to more than one industrial group.

² Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XVII D. Investment in All and in Selected Manufacturing Enterprises in Canada Controlled in the United Kingdom and Other Foreign Countries, End of 1960 with Statistics of Manufacturing Operations for the Selected Enterprises, 1961
Classification by principal activity of enterprise

No.	Principal manufacturing activity of enterprise	All enterprises controlled in the United Kingdom and other foreign countries			Selected enterprises controlled in the United Kingdom and other foreign countries		
		Enterprises ¹	Aggregate investment in Canada	Direct investment	Percentage of all direct investment		
					Enterprises	Aggregate investment in Canada	Direct investment
		No.	millions of dollars		per cent		
1	Vegetable products	19	283	149	68.4	98.3	97.8
2	Animal products	10	12	11	40.0	88.8	87.8
3	Textiles	24	52	46	41.7	92.3	92.6
4	Wood and paper products	39	337	147	35.9	97.6	91.8
5	Iron and products	74	379	243	40.5	95.1	94.7
6	Non-ferrous metals	44	172	93	38.6	94.9	92.7
7	Non-metallic minerals	23	207	106	52.2	98.4	97.9
8	Chemicals and allied products	43	276	193	48.8	97.1	96.6
9	Miscellaneous manufactures	9	7	6	22.2	63.7	58.4
	Totals - Manufacturing enterprises:						
10	United Kingdom	194	1,359	768	43.0	96.8	95.4
11	Other foreign countries	82	366	226	32.9	95.5	93.0
	Manufacturing operations at other selected enterprises controlled in the United Kingdom and other foreign countries:						
12	United Kingdom .....	...	...	...	...	...	...
13	Other foreign countries .....	...	...	...	...	...	...
	Grand totals:						
14	United Kingdom .....	...	...	...	...	...	...
15	Other foreign countries .....	...	...	...	...	...	...

¹ Totals have been corrected for the exceptional allocation of enterprises to more than one industrial group.

TABLE XVHC. Investment in All and in Selected United States-controlled Manufacturing Enterprises in Canada, End of 1960 with Statistics of Manufacturing Operations for the Selected Enterprises, 1961
Classification by principal activity of enterprise

Selected United States-controlled enterprises										
Enterprises ¹	Aggregate investment in Canada	United States ownership	Manufacturing operations classified by enterprise						No.	
			Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ²		
No.	millions of dollars		No.			millions of dollars				
49	509	476	176	34,000	144	519	432	969	1	
10	103	101	78	10,746	46	249	87	336	2	
20	66	56	31	7,412	24	48	54	103	3	
53	978	867	109	32,149	161	359	366	761	4	
146	1,220	1,125	256	91,346	470	1,226	904	2,135	5	
74	1,197	852	151	51,373	253	497	501	1,008	6	
27	154	123	57	7,256	33	64	85	157	7	
67	513	426	137	19,096	96	251	346	616	8	
24	75	74	28	6,123	29	46	55	103	9	
465	4,815	4,100	1,023	259,501	1,256	3,259	2,830	6,188	10	
...	...	...	81	24,943	135	1,087	583	1,708	11
...	...	...	1,104	284,444	1,391	4,346	3,413	7,896	12

¹ These concerns had 417 wholly-owned manufacturing subsidiaries in Canada.

TABLE XVHD. Investment in All and in Selected Manufacturing Enterprises in Canada Controlled in the United Kingdom and Other Foreign Countries, End of 1960 with Statistics of Manufacturing Operations for the Selected Enterprises, 1961
Classification by principal activity of enterprise

Selected enterprises controlled in the United Kingdom and other foreign countries										
Enterprises ¹	Aggregate investment in Canada	Direct investment	Manufacturing operations classified by enterprise						No.	
			Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ²		
No.	millions of dollars		No.			millions of dollars				
13	278	146	58	16,141	66	236	191	423	1	
4	11	10	9	666	2	25	10	35	2	
10	47	42	22	3,918	15	35	25	62	3	
14	329	135	38	11,169	56	108	111	231	4	
30	361	230	59	29,917	146	220	209	434	5	
17	163	86	25	8,297	40	95	66	167	6	
12	204	104	24	2,738	14	19	33	56	7	
21	268	187	90	10,374	50	136	159	304	8	
2	4	3	3	531	2	3	3	5	9	
86	1,316	732	269	75,081	350	760	701	1,490	10	
27	349	211	59	8,670	41	117	106	227	11	
...	...	...	20	2,062	9	52	24	78	12
...	...	...	12	2,156	11	77	23	100	13
...	...	...	289	77,143	359	812	725	1,568	14
...	...	...	71	10,826	52	194	129	327	15

² Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XVII E. Investment in All and in Selected Foreign-controlled Manufacturing Enterprises in Canada, End of 1960 with Statistics of Manufacturing Operations for the Selected Enterprises, 1961
Classification by principal activity of enterprise

No.	Principal manufacturing activity of enterprise	All foreign-controlled enterprises			Selected foreign-controlled enterprises		
		Enterprises ¹	Aggregate investment in Canada	Direct investment	Percentage of all direct investment		
					Enterprises	Aggregate investment in Canada	Direct investment
	No.	millions of dollars		per cent			
1	Vegetable products	134	811	637	46.3	97.1	97.5
2	Animal products	51	125	122	27.5	90.7	90.9
3	Textiles	102	137	118	29.4	82.9	82.6
4	Wood and paper products	215	1,340	1,033	31.2	97.6	97.0
5	Iron and products	499	1,680	1,441	35.3	94.0	94.0
6	Non-ferrous metals	266	1,413	983	34.2	96.3	95.5
7	Non-metallic minerals	86	374	240	45.3	95.7	94.4
8	Chemicals and allied products	325	846	671	27.1	92.2	91.2
9	Miscellaneous manufactures	115	101	97	22.6	78.1	79.3
10	Totals - Manufacturing enterprises	1,780	6,827	5,342	32.5	94.9	94.4
11	Manufacturing operations at other selected foreign-controlled enterprises .....	...	...	...	...	...	...
12	Grand totals .....	...	...	...	...	...	...

¹ Totals have been corrected for the exceptional allocation of enterprises to more than one industry group.

TABLE XVIII A. Manufacturing Operations of All Canadian Establishments and of Selected United States-controlled Establishments, 1953
Classification by geographic region

No.	Area	All Canadian manufacturing establishments					
		Estab-lishments	Em-ployees	Salaries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory shipments ¹
		No.	millions of dollars				
1	Atlantic Provinces	3,840	68,895	166	406	312	745
2	Quebec	12,132	441,555	1,226	2,816	2,425	5,387
3	Ontario	13,114	634,554	2,018	4,560	4,130	8,877
4	Prairie Provinces	4,674	88,426	246	872	509	1,407
5	British Columbia ²	4,347	94,021	301	726	617	1,369
6	Totals	38,107	1,327,451	3,957	9,381	7,993	17,785

¹ Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XVIII B. Operations of All Canadian Manufacturing Establishments and of Selected United States-controlled Establishments, 1961
Classification by geographic region

No.	Area	All Canadian manufacturing establishments					
		Estab-lishments	Em-ployees	Salaries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory shipments ¹
		No.	millions of dollars				
1	Atlantic Provinces	2,204	60,864	203	511	397	940
2	Quebec	10,955	423,729	1,626	3,983	3,208	7,327
3	Ontario	12,081	591,415	2,597	6,337	5,430	11,957
4	Prairie Provinces	3,660	91,282	364	1,229	783	2,048
5	British Columbia ²	3,515	97,656	441	1,068	864	1,971
6	Totals	32,415	1,264,946	5,231	13,128	10,682	24,243

¹ Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

² Also includes Yukon and Northwest Territories.

TABLE XVIII. Investment in All and in Selected Foreign-controlled Manufacturing Enterprises in Canada, End of 1960 with Statistics of Manufacturing Operations for the Selected Enterprises, 1961
Classification by principal activity of enterprise

Selected foreign-controlled enterprises										
Enterprises ¹	Aggregate investment in Canada	Direct investment	Manufacturing operations classified by enterprise							No.
			Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ²		
No.	millions of dollars		No.		millions of dollars					
62	787	622	234	50,141	210	755	623	1,392	1	
14	114	111	87	11,412	48	274	97	371	2	
30	113	98	53	11,330	39	83	79	165	3	
67	1,307	1,002	147	43,318	217	467	477	992	4	
176	1,581	1,355	315	121,263	616	1,446	1,113	2,569	5	
91	1,360	938	176	59,670	293	592	567	1,175	6	
39	358	227	81	9,994	47	83	118	213	7	
88	781	613	227	229,470	146	387	505	920	8	
26	79	77	31	6,654	31	49	58	108	9	
578	6,480	5,043	1,351	343,252	1,647	4,136	3,637	7,905	10	
...	...	...	113	29,161	155	1,216	630	1,886	11
...	...	...	1,464	372,413	1,802	5,352	4,267	9,791	12

² Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XVIII A. Manufacturing Operations of All Canadian Establishments and of Selected United States-controlled Establishments, 1953
Classification by geographic region

Selected United States-controlled manufacturing establishments												
Percentage of all manufacturing establishments						Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ¹	No.
Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ¹							
per cent						No.		millions of dollars				
0.5	3.5	5.4	11.1	6.2	9.2	19	2,403	9	45	19	69	1
1.6	17.8	21.2	24.3	25.5	25.4	199	78,463	264	686	619	1,368	2
3.3	29.0	33.0	41.6	37.6	39.7	434	184,190	665	1,898	1,555	3,525	3
1.4	7.9	9.8	25.1	13.2	20.8	67	6,989	24	219	67	293	4
1.2	7.7	8.8	13.8	9.6	12.0	52	7,194	27	100	59	164	5
2.0	21.0	25.0	31.4	29.0	30.5	771	279,239	989	2,948	2,319	5,420	6

² Also includes Yukon and Northwest Territories.

TABLE XVIII B. Operations of All Canadian Manufacturing Establishments and of Selected United States-controlled Establishments, 1961
Classification by geographic region

Selected United States-controlled manufacturing establishments												
Percentage of all manufacturing establishments						Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ¹	No.
Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ¹							
per cent						No.		millions of dollars				
1.0	6.1	7.8	21.2	13.9	17.7	23	3,705	16	109	55	166	1
2.0	16.8	21.0	23.2	25.7	24.2	218	71,209	342	923	824	1,776	2
5.5	30.9	34.6	42.7	39.6	41.3	664	182,864	900	2,703	2,149	4,935	3
3.2	13.8	16.6	29.1	26.4	28.1	119	12,613	60	357	207	575	4
2.3	14.4	16.5	23.8	20.6	22.5	81	14,053	73	254	178	444	5
3.4	22.5	26.6	33.1	31.9	32.6	1,104³	284,444	1,391	4,346	3,413	7,896	6

³ Total corrected for the exceptional allocation of the establishments of an international enterprise to more than one country of control.

TABLE XIX A. Operations of All Canadian Manufacturing Establishments and of Selected United States-controlled Establishments, 1961¹

Classification by establishment and twenty industry grouping

No.	Industrial group	All Canadian manufacturing establishments					Selling value of factory shipments ²
		Estab-lish-ments	Em-ployees	Salaries and wages	Cost at plant of materials used	Value added by manu-facture	
		No.			millions of dollars		
1	Food and beverage industries	7,444	188,855	688	3,149	1,705	4,905
2	Tobacco products industries	38	9,442	39	205	129	335
3	Rubber industries	93	18,860	82	149	172	331
4	Leather industries	555	31,413	90	151	140	291
5	Textile industries	883	62,544	213	468	393	875
6	Knitting mills	358	21,459	57	117	101	219
7	Clothing industries	2,307	87,728	234	428	377	802
8	Wood industries	5,251	80,042	280	585	431	1,035
9	Furniture and fixture industries	2,089	33,153	112	175	185	362
10	Paper and allied industries	569	94,862	471	1,021	1,071	2,206
11	Printing, publishing and allied industries	3,428	72,779	328	276	591	872
12	Primary metal industries	410	87,238	458	1,592	1,130	2,806
13	Metal fabricating industries	2,859	94,611	422	734	739	1,493
14	Machinery industries	546	42,083	196	304	330	640
15	Transportation equipment industries	671	107,709	522	1,130	829	1,961
16	Electrical products industries	531	79,531	354	585	617	1,206
17	Non-metallic mineral products	1,292	40,128	174	250	381	675
18	Petroleum and coal products industries	91	14,053	85	921	291	1,220
19	Chemicals and chemical products industries	1,072	52,167	254	624	761	1,434
20	Miscellaneous manufacturing industries	1,928	46,289	172	264	309	575
21	Grand totals	32,415	1,264,946	5,231	13,128	10,682	24,243

¹ Comparable data are not available for earlier years although a somewhat similar distribution for selected United States-controlled establishments in 1953 will be found in Table XVIII of "Canada's International Investment Position, Selected Years, 1926 to 1954", (DBS Catalogue No. 67-503; Occasional).

TABLE XIX A. Operations of All Canadian Manufacturing Establishments and of Selected United States-controlled Establishments, 1961¹

Classification by establishment and twenty industry grouping

Selected United States-controlled manufacturing establishments												
Percentage of all manufacturing establishments						Estab-lish-ments	Em-ployees	Salaries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory shipments ²	No.
Estab-lish-ments	Em-ployees	Salaries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory shipments ²							
per cent						No.		millions of dollars				
2.8	14.5	16.9	18.9	21.5	19.7	210	27,431	116	595	366	967	1
21.0	13.2	9.3	19.3	6.7	16.2	8	1,250	4	40	9	54	2
23.7	67.0	71.8	78.4	76.2	76.9	22	12,634	59	117	131	255	3
2.7	9.1	10.4	10.9	10.9	10.6	15	2,847	9	16	15	31	4
3.3	12.3	14.0	16.5	20.9	18.4	29	7,716	30	77	82	161	5
2.0	6.7	6.6	6.7	8.0	7.3	7	1,436	4	8	8	16	6
0.3	1.9	2.1	1.9	2.9	2.3	7	1,645	5	8	11	19	7
0.7	6.9	8.7	9.8	8.3	9.0	40	5,511	24	57	36	93	8
0.5	6.4	7.2	5.9	6.6	6.3	11	2,132	8	10	12	23	9
12.8	27.4	28.8	30.8	30.2	30.5	73	25,964	135	314	324	674	10
0.4	2.2	2.3	5.1	3.7	4.1	13	1,601	7	14	22	36	11
11.5	36.2	36.3	34.6	47.5	40.0	47	31,577	166	551	537	1,123	12
3.9	19.4	21.4	26.0	27.0	26.5	112	18,314	90	191	200	395	13
12.6	36.4	37.3	41.2	42.8	42.1	69	15,305	73	125	141	269	14
6.5	46.7	51.9	73.6	58.3	66.8	44	50,239	271	831	483	1,310	15
17.5	41.0	43.6	42.6	45.4	44.6	93	32,618	154	250	280	537	16
3.8	17.7	19.8	23.0	22.7	22.4	49	7,118	35	58	87	151	17
39.6	60.6	59.7	80.3	77.8	79.5	36	8,514	51	739	226	970	18
14.9	35.4	37.2	40.5	44.9	43.0	160	18,474	95	252	341	617	19
3.1	26.2	31.9	35.1	33.0	34.0	59	12,118	55	93	102	195	20
3.4	22.5	26.6	33.1	31.9	32.6	1,104	284,444	1,391	4,346	3,413	7,896	21

² Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XIX B. Percentage of Operations of All Canadian Manufacturing Establishments Represented by Selected Establishments Controlled in All Foreign Countries, 1961¹
 Classification by establishment and twenty industry grouping

Industrial group	Selected manufacturing establishments controlled in all foreign countries - Percentage of all manufacturing establishments					
	Establishments	Employees	Salaries and wages	Cost at plant of materials used	Value added by manufacture	Selling value of factory shipments ²
	per cent					
Food and beverage industries	3.6	19.8	22.3	23.6	27.1	24.7
Tobacco products industries	3	3	3	3	3	3
Rubber industries	3	3	3	3	3	3
Leather industries	2.7	9.1	10.4	10.9	10.9	10.6
Textile industries	5.2	19.7	22.7	24.2	29.2	26.6
Knitting mills	3	3	3	3	3	3
Clothing industries	0.3	1.9	2.1	1.9	2.9	2.3
Wood industries	0.9	8.1	10.2	10.9	9.6	10.2
Furniture and fixture industries	3	3	3	3	3	3
Paper and allied industries	17.2	38.1	39.7	41.3	39.9	40.6
Printing, publishing and allied industries	0.7	3.9	3.8	7.5	5.2	5.9
Primary metal industries	15.1	44.0	44.4	41.5	53.1	46.5
Metal fabricating industries	4.8	29.1	31.6	33.7	35.6	34.7
Machinery industries	15.0	43.9	45.0	48.9	50.3	49.6
Transportation equipment industries	9.2	58.8	63.9	80.5	68.8	75.2
Electrical products industries	21.7	50.7	54.0	54.4	54.6	55.0
Non-metallic mineral products	5.8	25.0	28.1	31.4	31.7	31.2
Petroleum and coal products industries	47.3	68.3	67.6	91.3	86.0	89.9
Chemicals and chemical products industries	22.9	51.9	54.0	59.0	63.3	61.5
Miscellaneous manufacturing industries	3.1 ³	29.6 ³	35.9 ³	43.3 ³	41.9 ³	42.5 ³
Totals⁴	4.5	29.4	34.5	40.8	39.9	40.4

¹ Comparable data are not available for earlier years although a somewhat similar distribution for selected United States-controlled establishments in 1953 will be found in Table XVIII of "Canada's International Investment Position, Selected Years, 1926 to 1954", DBS Cat. No. 67-503, Occasional.

² Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

³ Separate details for tobacco products, rubber, knitting mills and furniture and fixture industries not publishable; all included with miscellaneous manufacturing industries.

⁴ A breakdown of the totals by country of control is given in Table XXD.

TABLE XIX C. Operations of All Canadian Manufacturing Establishments and of Selected Establishments Controlled in the United Kingdom and Other Foreign Countries, 1961¹

Classification by establishment and twenty industry grouping

Industrial group	Selected manufacturing establishments controlled in the United Kingdom and other foreign countries											
	Estab- lish- ments	Em- ployees	Salaries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ²	Percentage of all manufacturing establishments in Canada					
							Estab- lish- ments	Em- ployees	Salaries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ²
No.	millions of dollars						per cent					
Food and beverage industries	56	9,879	37	147	97	246	0.8	5.3	5.4	4.7	5.6	5.0
Tobacco products industries	3	3	3	3	3	3	3	3	3	3	3	3
Rubber industries	3	3	3	3	3	3	3	3	3	3	3	3
Leather industries	—	—	—	—	—	—	—	—	—	—	—	—
Textile industries	17	4,617	19	36	32	71	1.9	7.4	8.7	7.7	8.3	8.2
Knitting mills	3	3	3	3	3	3	3	3	3	3	3	3
Clothing industries	—	—	—	—	—	—	—	—	—	—	—	—
Wood industries	9	943	4	7	6	13	0.2	1.2	1.5	1.1	1.3	1.2
Furniture and fixture indus- tries	3	3	3	3	3	3	3	3	3	3	3	3
Paper and allied industries	25	10,187	52	107	104	223	4.4	10.7	10.9	10.5	9.7	10.1
Printing, publishing and allied industries	12	1,204	5	7	9	15	0.3	1.7	1.5	2.4	1.5	1.8
Primary metal industries	15	6,767	37	110	63	182	3.6	7.8	8.1	6.9	5.6	6.5
Metal fabricating industries	26	9,178	43	56	63	123	0.9	9.7	10.2	7.7	8.6	8.2
Machinery industries	13	3,149	15	23	25	48	2.4	7.5	7.7	7.7	7.5	7.5
Transportation equipment indus- tries	18	13,070	62	78	87	164	2.7	12.1	12.0	8.9	10.5	8.4
Electrical products industries	22	7,723	37	69	57	126	4.2	9.7	10.4	11.8	9.2	10.4
Non-metallic mineral products	26	2,933	14	21	34	59	2.0	7.3	8.3	8.4	9.0	8.8
Petroleum and coal products indus- tries	5	1,084	7	102	24	128	5.5	7.7	7.9	11.0	8.2	10.4
Chemicals and chemical products industries	84	8,626	42	116	140	265	7.8	16.5	16.8	18.5	18.4	18.5
Miscellaneous manufacturing indus- tries	32 ³	8,609 ³	37 ³	127 ³	113 ³	232 ³	0.7 ³	6.7 ³	8.0 ³	13.9 ³	12.7 ³	12.7 ³
Totals⁴	360	87,969	411	1,006	854	1,895	1.1	6.9	7.9	7.7	8.0	7.8

¹ Comparable data are not available for earlier years although a somewhat similar distribution for selected United States-controlled establishments in 1953 will be found in Table XVIII of "Canada's International Investment Position, Selected Years, 1926 to 1954", DBS Catalogue No. 67-503, Occasional.

² Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

³ Separate details for tobacco products, rubber, knitting mills and furniture and fixture industries not publishable; all included with miscellaneous manufacturing industries.

⁴ A breakdown of the totals by country of control is given in Table XXE.

TABLE XX A. Manufacturing Operations of All Canadian Establishments and of Selected United States-controlled Establishments, 1946
Classification by establishment and nine industry grouping

No.	Industrial group	All Canadian manufacturing establishments					
		Estab-lish-ments	Em-ployees	Sala-ries and wages	Cost at plant of materials used	Value added by manu-facture	Gross value of products ¹
		No.		millions of dollars			
1	Vegetable products	5,916	137,170	207	871	576	1,470
2	Animal products	4,528	102,844	152	849	271	1,132
3	Textiles	3,082	164,737	228	460	418	889
4	Wood and paper products	11,994	224,121	366	679	749	1,484
5	Iron and products	2,358	249,279	476	635	735	1,406
6	Non-ferrous metals	740	84,853	150	413	278	719
7	Non-metallic minerals	910	36,493	64	240	174	446
8	Chemicals and allied products	1,017	37,278	67	159	204	376
9	Miscellaneous manufactures	704	21,381	32	50	61	113
10	Totals	31,249	1,058,156	1,741	4,358	3,467	8,036

¹ Manufacturing establishments are those included in the DBS report "United States Direct Investments in Canada: Statistics of investments in all companies and operations of the larger manufacturing companies" (1949) together with manufacturing establishments of selected United States direct investment mining and merchandising enterprises and regrouped by product manufactured.

TABLE XX B. Manufacturing Operations of All Canadian Establishments and of Selected United States-controlled Establishments, 1953
Classification by establishment and nine industry grouping

No.	Industrial group	All Canadian manufacturing establishments					
		Estab-lish-ments	Em-ployees	Sala-ries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory shipments ¹
		No.		millions of dollars			
1	Vegetable products	5,776	146,235	389	1,403	1,063	2,502
2	Animal products	3,175	95,576	235	1,263	435	1,717
3	Textiles	4,041	193,261	439	828	714	1,559
4	Wood and paper products	17,174	285,276	811	1,542	1,709	3,354
5	Iron and products	3,319	344,295	1,199	2,017	2,102	4,188
6	Non-ferrous metals	973	128,914	429	1,110	916	2,090
7	Non-metallic minerals	1,194	51,464	174	710	451	1,232
8	Chemicals and allied products	1,105	50,207	165	404	448	882
9	Miscellaneous manufactures	1,350	32,223	86	103	155	261
10	Totals	38,107	1,327,451	3,957	9,381	7,993	17,785

¹ Selling value of factory shipments reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XX C. Operations of All Canadian Manufacturing Establishments and of Selected United States-controlled Establishments, 1961
Classification by establishment and nine industry grouping

No.	Industrial group	All Canadian manufacturing establishments					
		Estab-lish-ments	Em-ployees	Sala-ries and wages	Cost at plant of materials used	Value added by manu-facture	Selling value of factory shipments ¹
		No.		millions of dollars			
1	Vegetable products	5,171	143,654	537	1,825	1,515	3,385
2	Animal products	3,418	109,564	379	1,867	658	2,544
3	Textiles	3,104	168,055	491	976	848	1,837
4	Wood and paper products	11,699	287,996	1,216	2,094	2,323	4,557
5	Iron and products	4,032	288,270	1,378	2,649	2,400	5,110
6	Non-ferrous metals	1,028	126,482	585	1,724	1,266	3,042
7	Non-metallic minerals	1,383	54,181	259	1,171	672	1,895
8	Chemicals and allied products	1,350	59,719	280	682	811	1,543
9	Miscellaneous manufactures	1,230	27,025	106	140	189	330
10	Totals	32,415	1,264,946	5,231	13,128	10,682	24,243

¹ Selling value of factory shipments reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XX A. Manufacturing Operations of All Canadian Establishments and of Selected United States-controlled Establishments, 1946
Classification by establishment and nine industry grouping

Selected United States-controlled manufacturing establishments ¹												
Percentage of all manufacturing establishments						Estab-lish-ments	Em- ployees	Sala- ries and wages	Cost at plant of materials used	Value added by manu- facture	Gross value of products ²	No.
Estab-lish-ments	Em- ployees	Sala- ries and wages	Cost at plant of materials used	Value added by manu- facture	Gross value of products ²							
per cent						No.		millions of dollars				
1.4	14	17	15	19	17	80	19,713	35	135	107	245	1
1.5	9	11	13	10	12	66	8,830	16	111	28	140	2
0.5	3	4	4	5	4	15	5,556	8	20	19	39	3
0.6	8	10	16	13	15	68	17,682	37	109	96	219	4
3.4	21	21	36	23	29	81	52,907	102	226	171	406	5
6.9	50	52	51	54	53	51	42,289	78	212	151	382	6
2.7	20	23	47	27	38	25	7,120	15	114	47	169	7
8.2	28	28	30	33	32	83	10,611	19	48	67	120	8
1.1	13	16	22	20	20	8	2,803	5	11	12	23	9
1.5	16	18	23	20	22	477	167,511	315	985	697	1,743	10

² Gross value of products reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

TABLE XX B. Manufacturing Operations of All Canadian Establishments and of Selected United States-controlled Establishments, 1953
Classification by establishment and nine industry grouping

Selected United States-controlled manufacturing establishments												
Percentage of all manufacturing establishments						Estab-lish-ments	Em- ployees	Sala- ries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ¹	No.
Estab-lish-ments	Em- ployees	Sala- ries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ¹							
per cent						No.		millions of dollars				
2.0	20	24	23	29	26	118	29,943	95	324	308	639	1
1.6	9	11	14	12	13	51	8,214	26	175	54	231	2
8.7	5	6	7	8	8	35	9,925	27	62	54	118	3
9.2	11	15	20	17	19	159	32,431	123	308	299	641	4
4.2	28	30	47	33	39	142	96,603	358	943	691	1,651	5
8.8	50	52	52	60	56	86	64,737	225	576	550	1,178	6
3.7	27	31	56	31	46	44	13,691	54	401	142	569	7
10.8	37	39	35	42	39	119	18,451	64	141	187	340	8
1.3	16	20	17	22	20	17	5,244	17	18	34	52	9
2.0	21	25	31	29	30	771	279,289	989	2,948	2,319	5,420	10

TABLE XX C. Operations of All Canadian Manufacturing Establishments and of Selected United States-controlled Establishments, 1961
Classification by establishment and nine industry grouping

Selected United States-controlled manufacturing establishments												
Percentage of all manufacturing establishments						Estab-lish-ments	Em- ployees	Sala- ries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ¹	No.
Estab-lish-ments	Em- ployees	Sala- ries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ¹							
per cent						No.		millions of dollars				
3.4	22.6	25.9	27.8	28.3	28.2	178	32,420	139	508	428	955	1
2.3	11.0	13.1	13.9	14.4	13.9	78	12,026	50	260	94	354	2
1.4	6.4	7.8	9.5	11.9	10.7	43	10,797	38	93	101	196	3
1.2	12.5	14.7	19.2	17.4	18.5	140	35,973	179	403	403	842	4
5.9	30.2	32.6	44.2	35.7	39.7	239	87,085	450	1,171	856	2,030	5
12.9	49.0	52.9	45.7	62.6	53.3	133	61,970	309	788	793	1,622	6
6.1	28.8	32.8	67.8	46.3	58.9	85	15,582	85	794	311	1,116	7
12.8	32.9	35.4	39.1	43.2	41.5	173	19,630	99	266	351	641	8
2.8	33.2	39.6	45.2	40.1	42.4	35	8,961	42	63	76	140	9
3.4	22.5	26.6	33.1	31.9	32.6	1,104	284,444	1,391	4,346	3,413	7,896	10

TABLE XX D. Percentage of Operations of All Canadian Manufacturing Establishments Represented by Selected Establishments Controlled in All Foreign Countries, 1961

Classification by establishment and nine industry grouping

Industry group	Selected manufacturing establishments controlled in all foreign countries - Percentage of all manufacturing establishments					
	Estab- lish- ments	Em- ployees	Salaries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ¹
	per cent					
Vegetable products.....	4.6	34.0	38.4	41.2	41.2	41.1
Animal products.....	2	2	2	2	2	2
Textiles.....	2.0	9.3	11.6	13.3	15.8	14.6
Wood and paper products.....	1.6	17.0	19.8	25.1	22.6	24.1
Iron and products.....	7.6	40.9	43.5	52.8	44.7	48.6
Non-ferrous metals.....	15.5	56.1	60.5	52.0	68.7	59.6
Non-metallic minerals.....	8.4	36.2	40.9	78.3	54.9	68.8
Chemicals and allied products.....	19.8	48.1	51.3	56.9	60.9	59.3
Miscellaneous manufactures.....	2.7 ²	16.1 ²	19.6 ²	17.1 ¹	20.9 ²	18.1 ²
Totals.....	4.5	29.4	34.5	40.8	39.9	40.4
United States.....	3.4	22.5	26.6	33.1	31.9	32.6
United Kingdom.....	0.9	6.1	6.9	6.2	6.8	6.5
Other foreign countries.....	0.2	0.8	1.0	1.5	1.2	1.3

¹ Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

² Details for animal products not publishable; included with miscellaneous manufactures.

TABLE XX E. Operations of All Canadian Manufacturing Establishments and of Selected Establishments Controlled in the United Kingdom and Other Foreign Countries, 1961

Classification by establishment and nine industry grouping

Industry group	Selected manufacturing establishments controlled in the United Kingdom and other foreign countries											
	Estab- lish- ments	Em- ployees	Salaries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ¹	Percentage of all manufacturing establishments in Canada					
							Estab- lish- ments	Em- ployees	Salaries and wages	Cost at plant of materials used	Value added by manu- facture	Selling value of factory shipments ¹
	No.		millions of dollars				per cent					
Vegetable products.....	61	61,388	67	245	196	436	1.2	11.4	12.5	13.4	13.0	12.9
Animal products.....	2	2	2	2	2	2	2	2	2	2	2	2
Textiles.....	18	4,767	19	37	33	72	0.6	2.8	3.9	3.8	3.9	3.9
Wood and paper products.....	51	12,879	63	123	122	257	0.4	4.5	5.2	5.9	5.2	5.7
Iron and products.....	67	30,863	150	228	218	452	1.7	10.7	10.9	8.6	9.1	8.9
Non-ferrous metals.....	26	8,988	44	108	77	190	2.5	7.1	7.6	6.3	6.1	6.3
Non-metallic minerals.....	31	4,017	21	123	58	187	2.2	7.4	8.1	10.5	8.6	9.9
Chemicals and allied products.....	94	9,091	44	122	143	274	7.0	15.2	15.9	17.9	17.7	17.8
Miscellaneous manufactures.....	12 ²	976 ²	3 ²	20 ²	7 ²	27 ²	0.3 ²	0.7 ²	0.7 ²	1.0 ²	0.8 ²	0.9 ¹
Totals.....	360	87,969	411	1,006	854	1,895	1.1	6.9	7.9	7.7	8.0	7.8
United Kingdom.....	289	77,143	359	812	725	1,568	0.9	6.1	6.9	6.2	6.8	6.5
Other foreign countries.....	71	10,826	52	194	129	327	0.2	0.8	1.0	1.5	1.2	1.3

¹ Selling value reflects cost of fuel and electricity (not shown) in addition to cost at plant of materials used and value added by manufacture.

² Details for animal products not publishable; included with miscellaneous manufactures.

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