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INTERNAL TRADE BRANCH

BRITISH AND FOREIGN
DIRECT INVESTMENTS IN CANADA
AND
CANADIAN DIRECT INVESTMENTS ABROAD
1937



OTTAWA
1939

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BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA
AND CANADIAN DIRECT INVESTMENTS ABROAD
END OF 1937

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INTERNAL TRADE BRANCH

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BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA
AND CANADIAN DIRECT INVESTMENTS ABROAD
END OF 1937

INTRODUCTION

The term "direct investments" broadly designates international investments in which there is the element of control, whether active or potential. Thus, British and foreign direct investments in Canada are investments that are controlled in the United Kingdom or in foreign countries, and similarly Canadian direct investments abroad are investments in other countries that are controlled in Canada. The first of a series of Bureau reports on direct investments was introduced in 1938 with the publication of the initial report "British and Foreign Direct Investments in Canada and Canadian Direct Investments Abroad - 1936." In the present report similar information is furnished as at the end of 1937 with the addition of some related data not found in the earlier report.

Part I of the report deals with British and Foreign Direct Investments in Canada while Part II covers the field of Canadian Direct Investments Abroad. In an appendix three subjects have been presented:

(a) A brief reference to a few of the more fundamental definitions and methods of compilation made use of in the preparation of the material in Part I. More detailed descriptions of the methods used in preparing the data are available, however, in the initial release of the series, "British and Foreign Direct Investments in Canada and Canadian Direct Investments Abroad - 1936" and in the report, "The Canadian Balance of International Payments--A Study of Methods and Results," which is now in the press. Copies of these reports may be obtained on application to the Publications Branch, Dominion Bureau of Statistics, Ottawa, Canada.

(b) Notes on factors influencing changes in the value of direct investments from year to year.

(c) Notes on the relation of direct investments to the Canadian balance of payments in 1937.

Direct investments, it should be noted, only represent a part of the total external assets and liabilities of Canada. At the end of 1937 the total British and foreign capital invested in Canada is estimated at \$6,765.0 million. Of this total, \$2,279.5 million is represented by direct investments. This direct investment, however, establishes control over corporations and branches in Canada with a total valuation of approximately \$2,808.0 million at the end of 1937. Total Canadian investments abroad at the same date are estimated at \$1,757.9 million, of which \$510.7 million has been classified as direct investment. While direct investments in each case represent only a minor portion of the total, their significance when considering their effects upon the Canadian balance of payments is greater than their relative proportions would suggest.

The report has been prepared, under the direction of Mr. H. Marshall, B.A., F.S.S., Chief of the Internal Trade Branch, by Mr. C. D. Blyth and Mr. W. R. Miller.

PART I BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA

A detailed comparison of the value of British and foreign direct investments in Canada at the end of the calendar year 1937 with revised data as of the end of the year 1936 is furnished in Tables 10 to 13 inclusive of the present report. Differences between 1937 and 1936 data are slight, American interest in American-controlled investments increasing by \$24 million, British interest in British-controlled investments decreasing by \$17 million and interest of other foreign countries in investments controlled in such countries increasing by \$3 million. Revision of 1936 data since their publication in "British and Foreign Direct Investments in Canada and Canadian Direct Investments Abroad - 1936" is due principally to the addition of the item "other long term indebtedness," consisting, in part, of financial assistance to Canadian subsidiary companies from parent organizations abroad. When the 1936 report was prepared, data regarding this item were incomplete, but during the past year all firms under external control have been requested to furnish information on the subject.

The scope of the present report has been extended to include a table showing the extent to which certain industries in Canada are controlled abroad (Table 14). Extent of control out of Canada has been determined by expressing the total investment in companies controlled out of Canada in a given field of business as a percentage of the total investment in all companies in the same field of business. The table has been supplemented by a statement showing the geographical distribution of ownership of the total investment in the industries referred to. Significant comparisons may be made between data on extent of control out of Canada of a given industry and geographical distribution of ownership of the total investment in the same industry. External capital investment in some industries is restricted to those companies within the industry which are controlled in Canada. Each company within an industry being controlled in Canada, it is reasonable to consider the industry itself as being entirely controlled in Canada, although some of the capital invested in it may be of foreign origin. In contrast to industries such as these are others in which sufficient external capital has been concentrated in a few companies to effectively control those companies abroad. As soon as one or more companies within an industry become externally controlled, the industry as a whole can no longer be referred to as being wholly controlled in Canada. The effect which a given amount of external capital will have on the degree of external control of an industry depends upon two factors -- in the first place upon the amount of Canadian owned capital invested in the industry and in the second place upon the relative distribution of externally-owned capital and Canadian-owned capital within each constituent company in the industry. For example, 60.4% of all the capital invested in the manufacture of rubber or rubber products in Canada at the end of the year 1937 came from abroad. Practically all of this external investment was concentrated in externally-controlled companies. Although the externally-controlled companies were smaller in number than the Canadian-controlled companies, they were much larger in terms of capital investment. The total investment in externally-controlled manufacturers of rubber and rubber products was 79.6% of the total investment in the industry as a whole, hence the industry is described as being controlled out of Canada to the extent of 79.6%.

In contrast to the rubber industry is the farm implements and machinery industry where external ownership of 69.6% of the total capital investment in the industry produced external control to the extent of only 58.1%. In the farm implements and machinery industry much of the external investment is in a few large firms which are controlled in Canada. External capital invested in firms which are controlled in Canada is classed as a portfolio investment, not as a direct investment, and does not influence the extent to which the industry is controlled abroad. The sugar industry offers a more extreme example of the same type. Of the total capital investment in sugar refineries in Canada at the end of 1937, 25.4% was of United States origin and 3.8% came from Great Britain. However, all companies in the industry were controlled in Canada, hence the American and British capital must be accepted as a portfolio investment and can have no influence on the control of the industry as a whole. It is well known that manufacturers of motor vehicles in Canada are almost entirely controlled in the United States, but it may be of interest to know that more than 13% of the capital in this industry represents Canadian investment. This proportion is only slightly lower than the average Canadian minority investment in externally-controlled companies in all kinds of business, which was 17% of the total investment at the end of 1937.

Other kinds of business covered in Table 14 are loan companies and manufacturers of pulp and paper and prepared breakfast foods. This section of the report shows the marked variation in the relative importance of direct investments in the different groups of Canadian industry, ranging

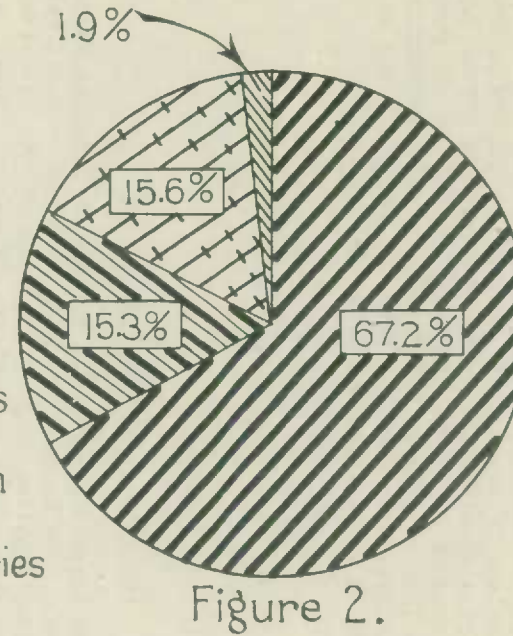
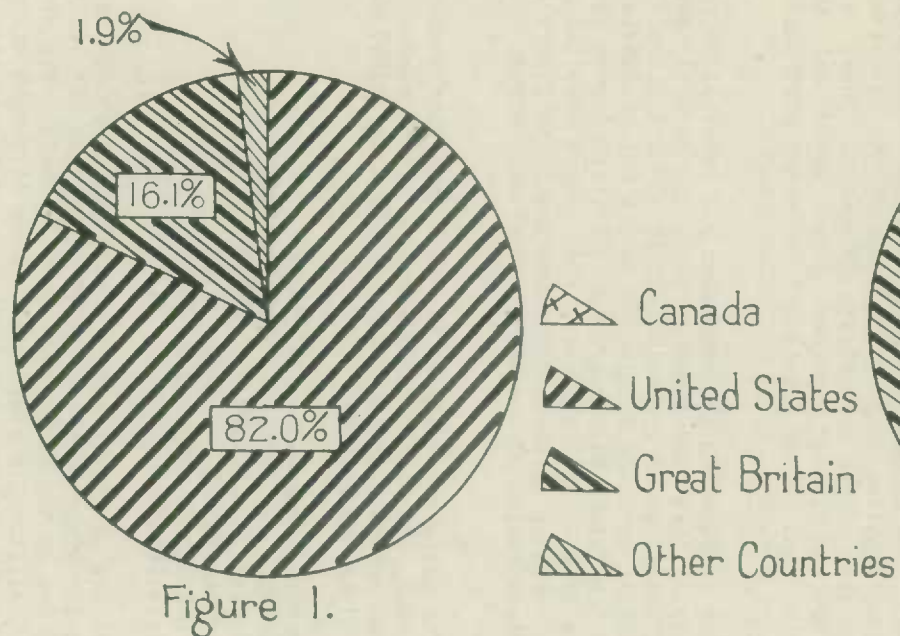


Figure 1. Geographical Distribution of Ownership of Direct Investment in externally-controlled Canadian companies, as at end of 1937.

Figure 2. Geographical Distribution of Ownership of Total Investment in externally-controlled Canadian companies, as at end of 1937.

from the motor vehicle industry, almost wholly controlled abroad, to such businesses as sugar refining which are entirely controlled in Canada. The seven fields which have been referred to were selected as samples to show varying degrees of external control. They should not be looked upon as representative of Canadian business as a whole. Information is on hand showing the total amounts of external investments and the total amounts of externally controlled investments in every kind of business in Canada, but extent of control abroad of industries other than the seven mentioned above cannot be shown due to lack of comparative information on the volume of total investments. In each of the seven industries specified, attempts were made to obtain reports from every company in existence in Canada, whether or not it was in operation during the year 1937. Favourable results were obtained in these limited spheres but obviously it is impractical to obtain a report from all companies in all businesses in Canada. However, the field may be extended in future bulletins as more information on total investments becomes available.

Analysis of Tables 1 to 13

Tables 1, 2 and 3 show the investment from all sources in Canadian companies controlled in the United States, in Great Britain, and in other foreign countries respectively. It is to be noted that the term "direct investment" applies only to the value of the investments owned by security-holders located in the same area as the controlling interests. Thus, in Table 1, the amounts shown in the column headed "United States" represent direct investment, and those under the headings "Canada," "Great Britain," and "Other Countries" represent portfolio investments from these areas. Similar remarks, *mutatis mutandis*, apply to Tables 2 and 3.

The total direct investment in Canadian industry from all external sources as at December 31, 1937, was \$2,279.5 million, this investment establishing control over corporations and branches in Canada with a total valuation of approximately \$2,808.0 million. Of the direct investment no less than \$1,868.9 million or 82.0% originated in the United States. This amount was five times as large as the \$367.2 million which represented British direct investment at the same date and which was 16.1% of the total. All other countries abroad supplied only \$43.5 million or 1.9% of the total. This information is shown diagrammatically in Figure 1; Figure 2 presents a comparable picture of the distribution of the total investment (direct and portfolio combined) in the whole field covered.

Capital invested in manufacturing companies is the most important item in these figures, accounting for almost half of the total, with the utility group in second place. The actual percentage figures showing how the total external direct investment is distributed among different kinds of business (see also Figure 3) are as follows:

Manufacturing	48.1%
Mining	10.6%
Utility	18.1%
Merchandising.....	7.6%
Financial	13.7%
Miscellaneous.....	1.9%

Since the relative proportions of direct and of portfolio investment in any kind of business may vary considerably, the distribution of the total investment naturally is different from the above, but the differences are on the whole comparatively small. Figure 4, which shows how the total investment of \$2,808.0 millions is distributed among different kinds of business, has been prepared for comparison with the picture of distribution of direct investment given in Figure 3.

In each kind of business there is a preponderance of American over non-American direct investment, this preponderance being greatest in the utility group where 95.9% of the external direct investment is of United States origin, against 3.7% from Great Britain and 0.4% from other countries. In the various types of business the geographical distribution of direct invest-

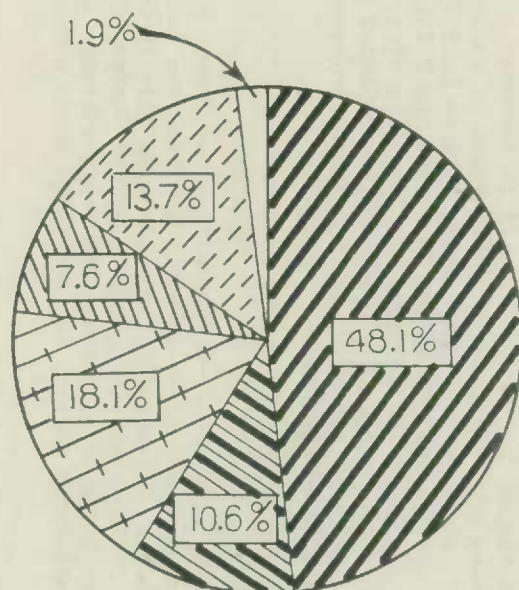


Figure 3.

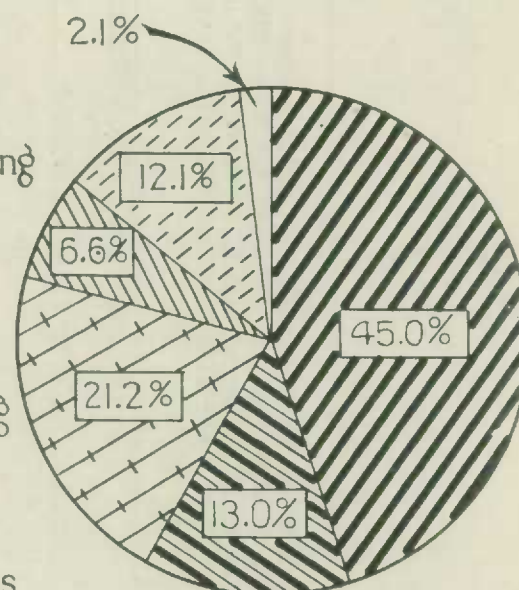
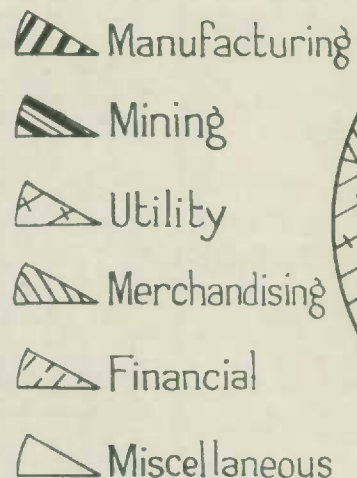


Figure 4.

Figure 3. Distribution of Direct Investment in externally-controlled Canadian companies by principal types of business as at end of 1937.

Figure 4. Distribution of Total Investment in externally-controlled Canadian companies by principal types of business as at end of 1937.

ment is as follows:

Type of Business	Percentage of Total External Direct Investment derived from		
	United States	Great Britain	Other Countries
Manufacturing	86.3	13.3	0.4
Mining	90.2	9.5	0.3
Utility	95.9	3.7	0.4
Merchandising	74.5	24.0	1.5
Financial	44.9	44.4	10.7
Miscellaneous.....	93.5	4.8	1.7

The above table may be considered in conjunction with that which follows, showing how the externally-controlled companies in each type of Canadian industry are to be classified according to the number controlled in each area. The total number of these, as shown by Table 4, was 2,440 at the end of 1937, 1,952 (80.0%) being American-controlled, 402 (16.5%) being British-controlled and the remaining 86 (3.5%) being controlled in other countries.

Type of Business	Number of Companies	Percentage of Total Number controlled in		
		United States	Great Britain	Other Countries
Manufacturing	1,130	88.1	10.7	1.2
Mining	135	81.5	13.3	5.2
Utility	111	92.8	4.5	2.7
Merchandising	515	72.6	22.7	4.7
Financial	417	60.9	31.7	7.4
Miscellaneous	132	87.9	6.8	5.3

There is, as is to be expected, a certain parallelism between these two tables. The number of companies controlled abroad elsewhere than in the United States or Great Britain forms a more imposing portion of the total, in almost every case, than does the corresponding direct investment, on account of the fact that these companies are, in general, smaller than similar enterprises controlled by British or American capital. A notable exception to this is found in the financial group, where certain companies of large size have been developed for the purpose of investing Continental European capital in Canadian mortgages. It will be observed that in the financial group British direct investment is also prominent, being almost equal in value to that from the United States, although the number of companies controlled in Britain is only one-third of the American-controlled number -- a state of affairs reflecting the fact that the British-controlled companies in this field are, on the average, longer-established and larger in size than their American-controlled competitors. Similarly, the strength of such well-established firms of British origin as the Hudson's Bay Company is an important factor in the relative prominence of British direct investment in the merchandising section of the tables.

Degree of Control

It has been remarked above that an external direct investment of \$2,279.5 million establishes control over industry with a total valuation of \$2,808.0 million, the controlling interests thus representing 81.2% of the whole. The minority interests are chiefly Canadian, being distributed among the different areas as follows -- Canada, 15.6%, United States, 0.6%, Great Britain, 2.2%, other countries, 0.4%. These figures indicate that comparatively little external capital is invested in Canadian enterprises whose control is located in areas other than that in which the investor resides

A footnote to the tables points out that, for the purposes of this survey, concentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control. The fact that controlling interests represent 81.2% of the total investment would suggest that cases where control is entire or nearly so, predominate over those in which it is established by ownership of a small majority of the issued securities. For further light on this subject, we may quote from a study made recently with regard to American-controlled companies chartered in Canada, to determine what percentage of these were "wholly owned"

in the United States. These companies were classified under three headings, as follows:

- (a) Companies whose stocks and bonds are owned in the United States to the extent of 99% or over (52.8% of the total number).
- (b) Companies whose stocks and bonds are owned in the United States to the extent of less than 99% (35.4% of the total number).
- (c) Wholly-owned subsidiaries of companies in (a) and (b) (11.8% of the total number).

It will be seen that class (a) includes more than half of the total number of companies in all classes; if to these one adds the number of unincorporated Canadian branches of American companies and a certain number of wholly-owned subsidiaries in (c), one finds that over 60% of American-controlled enterprises in Canada are owned practically in entirety in the United States.

The above study was not extended to companies controlled in Great Britain and elsewhere abroad, but the general deductions would apply to these groups almost equally well. Examination of the figures given in Tables 1, 2 and 3 reveals that, while controlling interests in the American-controlled group represent 80.2% of the total investment there, the comparative figure for the British-controlled group is 86.8%, and for the group controlled in other countries 80.7%. This would appear to indicate that among British-controlled companies entire ownership is somewhat more common than among companies controlled in the United States or elsewhere abroad.

Types of Organization

There are four ways in which externally-controlled Canadian enterprises may be organized in order to maintain connection with the controlling interests in another country.

(a) The Canadian enterprise is a branch (not incorporated in Canada) of a British or foreign company. (Under this heading are also included such companies as the Hudson's Bay Company, which are incorporated abroad but which operate wholly or mainly in Canada.)

(b) The Canadian enterprise is a partly or wholly owned subsidiary (with a Canadian charter) of a British or foreign company.

(c) A majority of the issued securities of the Canadian company are held by private individuals or groups resident abroad, but there exists no corporate connection between the Canadian company and any British or foreign company.

(d) The Canadian company is a subsidiary of a company of type (b) or type (c), and is then held to be under the same external control as its parent company.

Of the 2,440 externally-controlled units of Canadian industry existing as at December 31, 1937, 577 or about 24% are included under heading (a) above (enterprises not incorporated in Canada). While this type is of considerable importance numerically, these units are, on the average, less than half as large as those of the other three types, and represent 10.9% of the total investment or 13.4% of the total direct investment. Companies under headings (b), (c), and (d) account for approximately 53%, 12%, and 11% of the total number respectively. The relative importance of these different types of organization, on a numerical basis only, is strikingly brought out in Figure 5.

Forms of Investment

For the purpose of this report, investment figures have been classified under four headings -- capital stock (common and preferred combined), funded debt, other long-term indebtedness, and net assets in Canada. The fourth item is restricted to unincorporated branches of external companies, which have been already discussed in the above section "Types of Organization."

Figures for common and preferred stocks have been combined because in some cases preferred stocks have characteristics which make them closely analogous to common stocks. The term "funded debt" covers various liabilities described as bonds, debentures, debenture stock or otherwise, generally with fixed rates and dates of payment of interest and fixed dates of maturity. Occasionally there exists a certain vagueness of description of a liability which makes its classification as "funded debt" a debatable point, but these cases are few and unimportant. It should be noted that, in the case of subsidiaries of externally-controlled Canadian companies (which comprise about one-ninth of the total number of enterprises covered by this report), a deduction has been made from the

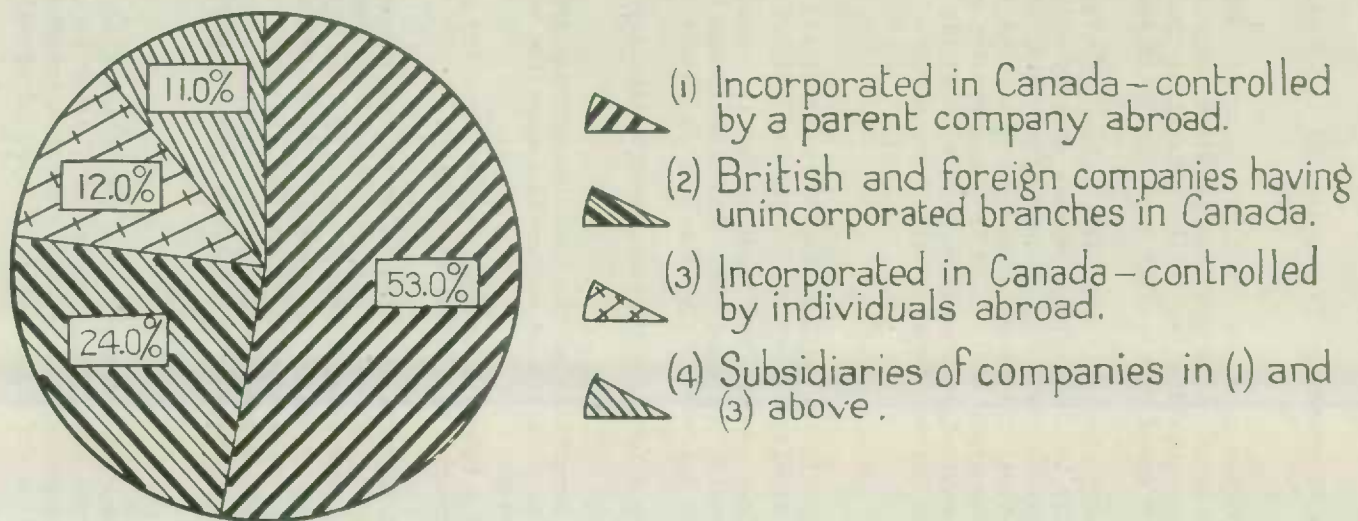


Figure 5. Numerical Distribution of externally-controlled Canadian companies according to type of organisation, as at end of 1937.

value of their capital stock, and, in some cases, from the amount of their funded debt, on account of the holdings of a parent company whose securities are also tabulated. The possibility of duplication in these fields is thus eliminated.

The comparative importance of investments made in these four different forms is illustrated in the following table, which shows the percentages of these items in the total direct investment in externally-controlled companies and in companies controlled in the United States, in Great Britain, and in other countries respectively.

Location of Control	Percentages of Different Forms of Investment (Total Direct Investment = 100)			
	Capital Stock	Funded Debt	Other Long-term Indebtedness	Net Assets
United States	67.1	16.0	7.9	9.0
Great Britain	49.4	13.8	3.0	33.8
Other Countries	39.5	22.9	8.3	29.3
Total External Control	63.7	15.8	7.1	13.4

It is noticeable from the above table that practically one-third of the total direct investment from Great Britain and from "other countries" is in the form of net assets of branches not incorporated in Canada. Among the factors contributing to this result, not the least important is the existence of certain large companies which operate almost entirely in Canada in the merchandising and financial fields, and which were incorporated before the war in Britain or another European country.

Direct Investment in Manufacturing Companies

The group of companies described as "manufacturing" is a large one, comprising as it does almost half of the total number of companies under British and foreign control. It would scarcely be practicable in the present report to use a more detailed classification by kinds of business for all the information presented in the tables, but in Table 5 data are shown regarding the direct investment from the United States and Great Britain in manufacturing companies, classified in nine groups according to the principal product of the companies. Manufacturing companies controlled in other foreign countries have been omitted from this table, as their number is so small that any refinement in classification would result in disclosing particulars relating to individual enterprises.

It will be seen from the table that there is little similarity in the distribution of direct investment from the two chief external sources among the various types of manufacturing companies. Expressing the value of the direct investment in each type of business as a percentage of the total direct investment in all manufacturing companies under American and British control respectively, we have the following table:

Type of Business	Percentage of Total Direct Investment from	
	United States	Great Britain
Vegetable Products	9.5	42.0
Animal Products	4.8	1.5
Textiles	2.0	10.8
Wood and Paper Products	32.1	24.8
Iron and its Products	19.7	2.2
Non-ferrous Metals	9.3	3.3
Non-metallic Minerals	11.0	*
Chemicals and Allied Products	9.1	13.6
Miscellaneous Manufacturing	2.5	1.8
Total Manufacturing	100.0	100.0

* Combined with "miscellaneous manufacturing" in order to avoid disclosing confidential data.

In the American-controlled division, wood and paper products lead with almost one-third of the total direct investment, although the number of companies in this industry is less than that in either the iron or the chemical industry. Iron products are well up in second place, and non-metallic minerals come third in value although they are almost the smallest group numerically; this is due to the presence in the group of certain large companies engaged in the refining of gasoline and other petroleum products. Vegetable products, non-ferrous metals and chemical products are about equal in importance, with the other three groups (animal products, textiles and miscellaneous) comprising together less than 10% of the total direct investment.

A very different picture is shown by the British-controlled division. Here, vegetable products are far in the lead both in value of direct investment and in number of companies engaged in the industry, which includes tobacco, rubber and liquors among its principal products. Wood and paper products account for almost a quarter of the total direct investment, followed by chemicals and textiles. The remaining five groups combined comprise only 8.8% of the British direct investment, although they make up almost half of the American total.

Dividend and Interest Payments

Externally-controlled Canadian companies paid in the form of dividends on common and preferred stocks and interest on funded debt a total amount of \$154.9 million in 1937 as compared with a revised total for 1936 of \$140.7 million--an increase of 10.1%. These payments should not be taken as a definitive measurement of the yield upon the investment in Canada. Certain deductions and additions would have to be made before that would be true. Apart from the possibility of profits being reinvested in Canada, there are other international remittances of both a current and capital nature with effects upon the Canadian balance of payments comparable to those arising from the remittance of interest and dividends. Furthermore, unincorporated Canadian branches of companies incorporated abroad may contribute earnings to the head office account from which dividends may subsequently be paid, but such payments cannot be accepted as dividends on Canadian operations. To attempt to break down the earnings statements of such companies and estimate the proportion of total dividend payments arising from Canadian operations would probably require more information than the companies themselves have on hand. For similar reasons it has proved impractical to make deductions from total interest and dividend payments of externally-controlled Canadian companies operating in Canada and abroad in an attempt to arrive at payments accruing from Canadian operations alone. If dividends from Canadian operations alone could be segregated a deduction would then be possible for returns on that portion of the operations taking place abroad.

The distribution of the actual amounts paid in dividends and interest to different areas, and by different kinds of business is of interest. Canadian security-holders received 24.4% of these payments, the remainder being distributed among the United States, Great Britain and other countries to the extent of 59.8%, 13.9% and 1.9% respectively. This distribution is shown diagrammatically in Figure 6. Comparative figures for 1936 were: Canada 23.6%, United States 62.3%, Great Britain 12.5% and other countries 1.6%. The differences between these figures for the two years are small, but the increase in the Canadian share is significant, especially as the Canadian share in the total corporate investment⁽¹⁾ fell from 19.5% in 1936 to 18.4% in 1937. The high percentage of payments to Canada is largely attributable to the fact that there has been a tendency in recent years to replace bond issues held abroad and payable in external funds by issues floated in Canada and payable in Canadian funds, thus increasing the percentage of Canadian participation in these senior securities.

A picture of the relative importance of payments by different types of business is presented in Figure 7, which is based on data given in Table 9. Manufacturing companies hold the lead, as they did in 1936, although their share of the total has fallen from 53.8% in 1936 to 46.1% in 1937. Mining dividends and interest, retaining second place, have taken a spectacular leap during the year from 27.2% to 34.7% of the total. Utility, merchandising, financial and miscellaneous companies follow in that order, their respective shares of the total payments in 1937 being 12.8%, 3.1%, 2.7% and 0.6%, these figures showing little change from the corresponding figures for 1936.

Of the entire amount of these payments only 11.2% was in the form of interest on funded debt, a surprising change from 1936, when interest accounted for 15.6% of the total. This was largely due to two causes--improvements in business conditions leading to increased dividend pay-

⁽¹⁾"Total corporate investment" signifies the total value of stocks and funded debt of externally-controlled Canadian companies incorporated in Canada.

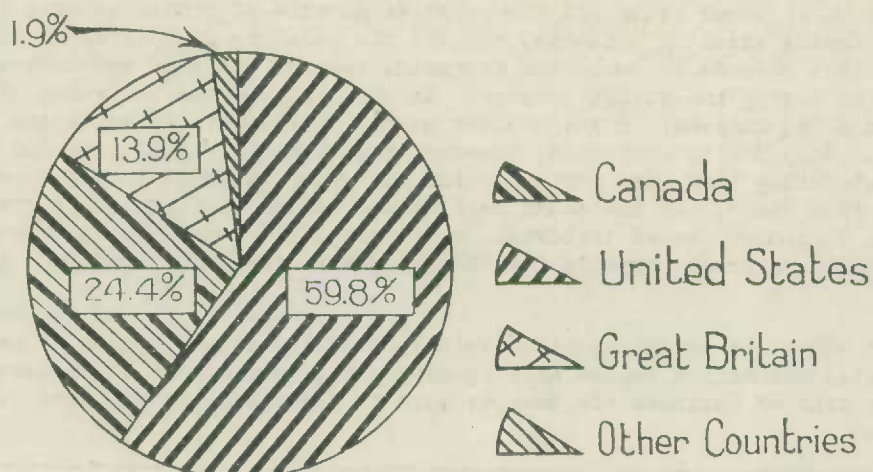


Fig. 6. Geographical Distribution of Total Amount of Interest and Dividend Payments by Externally-controlled Canadian Companies, Calendar Year 1937.

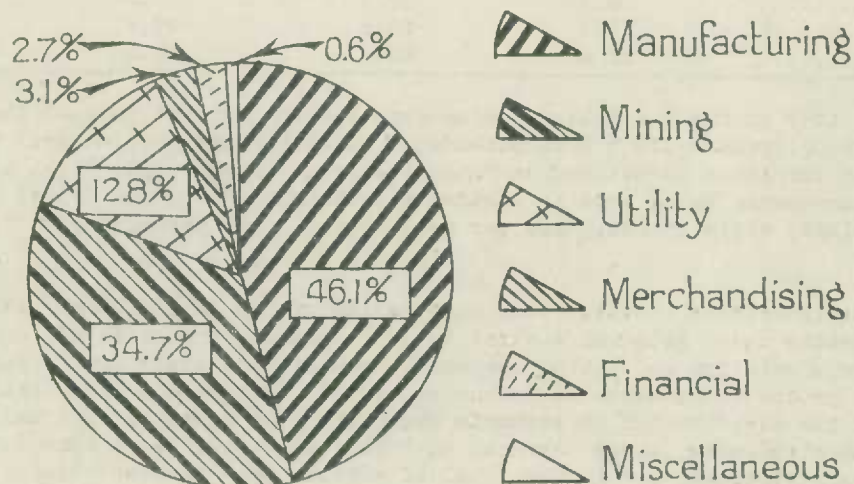


Fig. 7. Distribution of Total Amount of Interest and Dividend Payments by Externally-controlled Canadian Companies, according to Type of Business, Calendar Year 1937.

ments, and the widespread refunding of bond issues in recent years at lower interest rates. The proportions of dividends and interest in payments by different types of business varied widely, as may be seen on examination of Tables 6 to 9.

In surveying the figures in these tables one must bear in mind that they are affected by various factors, chief among these being (1) the relative amounts of financing done by bonds and by stock issues in different kinds of business, and (2) the relative prosperity of different kinds of business. Both factors operate to cause the disparity between dividend and interest figures given in Table 9 for the mining and utility groups. In the mining group the value of stocks exceeds tenfold that of funded debt, whereas, in the utility group, investments in bonds and in stocks are almost equal in value. Many mining companies, however, experienced in 1937 a period of unprecedented prosperity, so that during that year dividends for the group exceeded interest payments, not ten times, but thirty-four times. On the other hand, there was no spectacular progress in the utility field: several companies passed dividends, but the majority were able to meet their fixed obligations, so that total interest payments for the group were half as large again as dividend payments.

Table 9 also shows the geographical distribution of the payments made by each kind of business. An interesting comparison can be made by expressing in the form of percentages of the total payments by each kind of business the amounts paid to recipients in the four geographical areas, as is done below.

Kind of Business	Percentages of Total Payments made to			
	Canada	United States	Great Britain	Other Countries
Manufacturing	20.7	62.9	16.2	0.2
Mining	23.6	59.1	14.5	2.8
Utility	43.0	52.4	4.1	0.5
Merchandising	6.9	83.3	3.5	6.3
Financial	23.2	26.6	27.7	22.5
Miscellaneous	53.6	45.3	1.0	0.1

In the first four groups the United States received the largest part of the payments made, but in the financial group Great Britain took precedence in that respect by a small margin. In the small residual group of companies classified as "miscellaneous" Canada ranks first with more than half of the total disbursements being made to residents in this country; the United States is not far behind in second place, while scarcely one per cent of the total payments went to Great Britain and other countries.

British security-holders received over one-quarter of the dividend and interest payments made by financial companies under external control in 1937, between one-sixth and one-seventh of the payments made by manufacturing and mining companies, and comparatively small proportions of the payments made by other groups. The share of "other countries" is also most noticeable in the financial group, where the distribution of payments among the four areas is curiously even; but in other groups (except merchandising, where payments to "other countries" were almost as great as those to Canadians) their participation in the total of dividend and interest disbursements was very small.

PART II CANADIAN DIRECT INVESTMENTS ABROAD

As Part I of this bulletin has covered the subject of British and Foreign Direct Investments in Canada, so this section is devoted to a study of one of the aspects of the opposite side of the balance of international indebtedness, Canadian Direct Investments Abroad.

In approaching the subject of Canadian Direct Investments Abroad it is necessary to proceed in a slightly different manner than in the case of Foreign Direct Investments in Canada. There is the essential difference that this study is concerned primarily with the Canadian capital invested abroad rather than with an analysis of the foreign companies themselves. Thus the source of information is usually the parent company in Canada rather than the branch or subsidiary as in the case of foreign direct investments in Canada. One effect of this is to limit the amount of detailed material available, but, on the other hand, it is possible to obtain and include data on borderline cases where the distinction between a direct investment and a portfolio interest is slight.

As a general rule an enterprise abroad is considered a Direct Investment where there is evidence of a majority Canadian interest in its capital. However, other circumstances are also given consideration and Tables 15 and 16 contain instances where there may not be a Canadian majority ownership of capital but where Canadian direction or control of management is indicated. These exceptions to the general rule are discussed later.

The principal type of Canadian direct investment abroad is that of a branch or subsidiary of an already established Canadian company. This is usually represented by ownership of securities in a sufficient amount to warrant the assumption of control. However, the control need not rest with a Canadian corporation itself, since there are a few instances where, for one reason or another, the stock of the foreign subsidiary has passed to the shareholders of the Canadian parent company. These are included as direct investments. Included also are cases where a company, incorporated and owned in Canada operates entirely abroad with no connection with any other Canadian company. It is well to note, however, that not all companies incorporated in Canada and operating abroad are owned by Canadians to a sufficient degree to be classified as direct investments. Many Canadian corporations have but a small part of their capital owned in Canada. This type of Canadian investment is more properly considered portfolio investment.

There is one class of company operating in Canada with subsidiaries abroad which requires slightly different treatment than others. This type itself usually falls within the class of foreign direct investments in Canada. In determining the position of the foreign subsidiaries of a Canadian company such as this, the circumstances surrounding each case must be scrutinized in the light of their effects upon the Canadian balance of international payments. Sometimes the subsidiaries abroad are merely nominally-owned by the Canadian company. In these cases the capital for establishment came from outside of Canada, and any subsequent financial transactions are executed directly with the parent of the Canadian company and have no appreciable effect on the Canadian balance of payments. Under such circumstances there is little reason for considering the foreign subsidiaries of the Canadian company as direct investments abroad. When, however, it can be ascertained that the initial capital originated in the Canadian company or if direct financing has been carried on between the subsidiary and the Canadian company from Canada, this is usually sufficient evidence to warrant inclusion of the foreign subsidiaries among Canadian direct investments abroad. In such cases it is usually found that dividends, interest and other receipts or payments of funds are made to Canada and thus are correctly credited in the Canadian balance of payments.

Examples such as the foregoing must, of necessity, be carefully considered according to the individual circumstances surrounding each case. For instance, one company operating outside of Canada has been included in the tabulation partly because the dividends it pays to a Canadian company form an important part of that company's payments to its own parent company in the United States, and, if the latter are to be included as a debit transaction in the balance of payments, there must be an offsetting credit.

It will be apparent from the comments above that the total amount of Canadian capital invested in industries abroad has not been classified as direct investments. This applies particular-

ly to Canadian investments in the securities of United States companies, for, while Canadian holdings of United States stocks are very large, the bulk of these have the character of portfolio investments. Such holdings constitute the major part of an estimated total of \$507 million invested by Canadians as of December, 1937, in a group designated as "Miscellaneous Investments" in the United States. They are made up for the most part of scattered individual holdings of the securities of a great many United States corporations and are not sufficiently concentrated to establish Canadian control in particular cases. In contrast, most of the investment classified as direct investments in Tables 15 and 16 is that of Canadian companies in subsidiary companies incorporated abroad.

Finally, an important group of Canadian companies with operations abroad has been excluded from the study mainly because of the special character of their investment and the impossibility of arriving at a figure that would be a satisfactory measurement of their investment for the Canadian balance of international indebtedness. This is the group of financial companies and includes Canadian banks, insurance companies, investment dealers, brokers, etc. Canadian insurance companies, for instance, at the end of 1937 operated abroad to the number of forty-five. Of these, fifteen wrote life insurance, twenty-nine fire and casualty insurance, and one both life and fire insurance. All of these have assets outside of Canada in their branches and although, as in the United States, there may be a surplus over liabilities in some of the branches, there is a fiduciary interest of the policyholders abroad which represents generally a claim on all assets including those in Canada. In 1937, to be specific, the Canadian life insurance companies alone had assets located outside of Canada totalling \$674 million, but at the same time their liabilities abroad amounted to around \$941 million. The assets of fire and casualty companies abroad are negligible, being limited in most cases to the amount of statutory deposit required in the states and countries in which they operate.

Likewise, the investments abroad of the Canadian chartered banks have been excluded from the tabulation. The assets abroad fluctuate considerably, consisting as they do of the external balances of the Canadian branches as well as the assets of foreign offices, and are so closely related to the operations of other Canadian businesses as to preclude distinguishing the assets that might be considered as direct investments. Furthermore, many are short term in character. It is worth noting, however, that six of the Canadian banks maintain a total of 144 branches or agencies abroad, thirteen in the United States, seven in the United Kingdom and one hundred and twenty-four in other countries, mainly the Latin-American republics. Brokers, investment dealers and other similar types of business also have important operations outside of Canada, but, here again, they are not strictly comparable with ordinary industrial enterprises and so are omitted from the survey.

One other class of company remains to be mentioned. The various investment trusts which are incorporated in and owned by residents of Canada customarily hold large amounts of the securities of foreign companies, but they are not in amounts which could effect control of a single company and, indeed, from their very nature, have the character of portfolio investments abroad.

The investments of Canadians in residential properties and other unproductive classes of real estate have also been excluded from the tabulation of direct investments.

Valuation of Investment

Various methods of evaluating the Canadian direct investments abroad such as, market value of securities, par value, book value, capital employed, etc., were carefully investigated. Difficulties in the application of any one method, some of which will be quite obvious, made it necessary to adopt a somewhat composite standard. Common stock of no-par value has been taken at the book value as expressed in the books of the subsidiary, as contrasted with the value, sometimes depreciated or, again, written up, on the books of the parent company, and surpluses, deficits and intercompany advances have been allowed for so as to show a fair equity accruing to the common stockholder. Common stock with a stated value, preferred stock, bonds and debentures have been taken at the nominal value along with the effects of any surplus, deficit or intercompany advances upon the equity securities. Unincorporated branches and similar types of business have been taken at the net value of the assets, that is, the assets less liabilities abroad.

The method of valuation described above has been followed in principle throughout the study with but few exceptions. In such cases the circumstances sometimes made it necessary to use

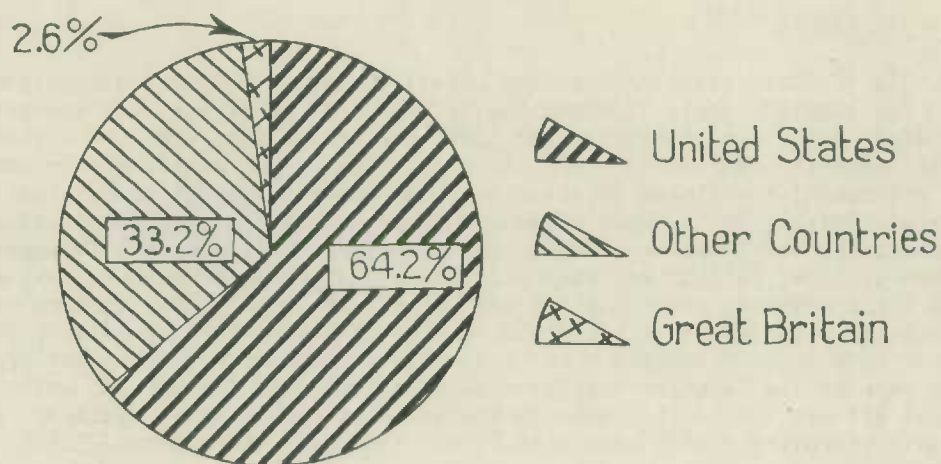


Fig.8— Geographical Distribution of Canadian Direct Investments Abroad, End of 1937.

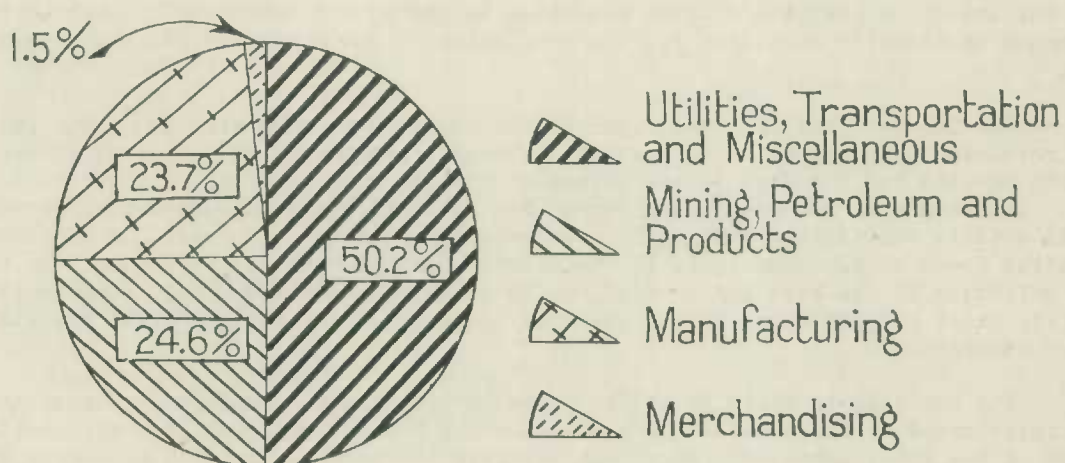


Fig.9— Distribution by Types of Business of Canadian Direct Investments Abroad, End of 1937.

other means. An outstanding example is the investment of Canadian railways in the United States. It is difficult at any time to place a fair value on railway property, problems such as those of depreciation and obsolescence complicating the ordinary procedure. The situation under consideration is further complicated by the fact that financial assistance has frequently been given to the United States subsidiaries by the Canadian parent companies. Accordingly the valuation that has been selected to represent the investment in railways in the United States has been the value of the securities owned as carried on the books of the Canadian systems.

Analysis of Tables 15 and 16.

The results of this survey of Canadian Direct Investments Abroad are presented herewith in two tables and two charts. Table 15 shows the different types of business engaged in by Canadian companies abroad, and Table 16 divides the investment value into types of security held. The two charts give the same information in graphical form. Due to the comparatively small number of firms engaged in several of the fields of enterprise and to avoid revealing information obtained in confidence by this Bureau, it has been necessary to group the operations into such broad classes as Merchandising, Manufacturing, Mining and Petroleum, Utilities and Transportation. The residual miscellaneous types falling entirely outside of the above groups have been grouped under the utilities and transportation group but are not large. Table 15, then, is more of a broad outline than a definite division of the investments outside of Canada into kinds of business. Another problem was to account for cases where a company carries on more than one type of operation abroad, as in the case of the Canadian distilleries which both manufacture and sell. Where it was not possible to get a clear distinction between the value of each kind of business, the group was selected by the main characteristics, generally being classified as manufacturing.

Examination of the tables reveals the concentration of Canadian direct investments in the United States, a result not unexpected in view of the close contiguity existing between the two economies. All told there is about 64% of the total in the United States as contrasted with 3% in the United Kingdom, and 33% in other overseas countries. Roughly two-thirds of the total investment in the United States is in railway property, showing the extension of the Canadian lines into that country. The \$87 million shown as Manufacturing covers practically all the fields of industrial operations, with the investments of Canadian distilleries forming the largest individual item. The amount of over \$26 million described as Mining and Petroleum is made up principally of investments by Canadian companies for the production of raw materials for their operations in Canada.

The largest part of direct investments in overseas countries is in the petroleum industry in the northern republics of South America, although investments in public utilities in Central and South America and the West Indies represent another large portion of the direct investment abroad. The extension of Canadian implement and automobile manufacturers into overseas countries accounts chiefly for the investments in manufacturing in other countries. A considerable part of this latter group of investments is in the British Commonwealth as are some of the directly-owned public utilities in the West Indies area, while investments in the United Kingdom itself are of relatively small proportions. Direct investments on the continent of Europe are limited to those of a few companies.

The analysis in Table 16 of the forms of organization employed by Canadian companies with direct investments abroad reveals the preference for the incorporated type of subsidiary. More than 95% of the total investment is in subsidiaries incorporated outside of Canada with about 75% in subsidiaries that may be considered as wholly owned by Canadian parent companies. Common stocks represent over 60% of the investment in subsidiary companies abroad and bonds and debentures over 22% with preference stocks and loans and advances etc. constituting the remainder. Most of the total direct investment of \$510.7 million is in the form of "equity" investments, bonds and debentures only making up less than 22% of the investment, with the result that the Canadian income is closely dependent upon economic conditions abroad. In 1937 total interest and dividends received amounted to \$34.8 million.

As already indicated, the principal parts of Canadian direct investments abroad are concentrated in North and South America. The remainder of the investment is in countries of the British Commonwealth and in a few foreign countries located outside of the Americas. A substantial part of the concentration of investment in the United States has been due to the extensions of Canadian railway systems into the northern regions of that country, while some of the remainder was

for the purpose of securing raw materials for Canadian operations. Investments in mining and petroleum in South America have also been influenced by resources available in that area, while investments in utilities in the same area are, for the most part, independent of any comparable operations in Canada. The establishment of branches and subsidiaries abroad by Canadian manufacturers is an illustration of the growth in the manufacturing industries in Canada with the accompanying expansion in exports, and it is noteworthy that many of these are in other British Dominions, while other investments in manufacturing in the United States are a natural result of the wider markets provided by that country.

As the significance of Canadian direct investments abroad rests to a considerable extent in their relation to parent companies in Canada, it is of interest to note that there were 121 Canadian parent companies operating 337 branches or subsidiaries abroad in 1937. Of this total there were 94 companies with 218 subsidiaries etc. in the United States, 23 companies with 34 subsidiaries in the United Kingdom and 30 with a total of 85 subsidiaries and branches in other countries. Some of the Canadian parent organizations have branches or subsidiaries in more than one country or area. Almost all of the Canadian companies carry on the same type of business abroad as in Canada, with the major exception of some of the mining and petroleum subsidiaries that are usually supplementary to the principal type of operation carried on in Canada by the parent companies. There are movements of materials and merchandise between many of the parent and subsidiary companies, which, although international, are comparable to interplant movements of inventory in a consolidated industry within a country. Such movements often have unusual effects upon the balance of payments, being accompanied by capital movements, and their effects along with other matters are considered in the section of the report on Direct Investments and the Balance of Payments.

APPENDIXES

Appendix 1 Definitions and Methods of Compilation used in Part I

Definition of the term "direct investment."

A footnote to Tables 1-4 states that "concentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control." This has been accepted not as a hard and fast definition but as a working principle, subject to all other available data which may throw light on the subject. A minority external investment in a Canadian company may be enough to classify the company as an external direct investment if it is concentrated in the hands of a parent company or a small group of individuals. On the other hand, a majority external investment may be scattered among a large number of small investors domiciled abroad and lack of concerted action on their part may leave control of the company in the hands of an organized Canadian minority. However, most companies can be classified without difficulty. A few which give rise to special problems have been investigated fully and all factors which might influence their classification have been examined in detail.

Valuation of direct investments in Canada.

The capital investment in companies incorporated in Canada has been determined principally by the value at which securities issued by these companies are carried on their books. Bonds and preferred stocks have been accepted at par value. Common stock has been rated at book value plus accumulated surplus or minus accumulated deficit.⁽²⁾

In addition to liabilities carried in the form of bonds and stock, each company has been asked to give particulars of any other long-term indebtedness outstanding for one year or longer. This item has been found to consist chiefly of advances to Canadian subsidiary companies from parent companies abroad.

Geographical distribution of ownership of bonds and stock is reported by each company insofar as the information is available. Estimates of distribution of ownership of non-registered bonds have had to be made in some cases, based on the countries in which the issues were originally floated, but such estimates form but a small proportion of the total amount involved. With information on hand regarding both valuation and ownership of securities, it becomes a simple matter of calculation to determine the investment of a non-Canadian country in a Canadian corporation. In the case of companies carrying on operations in Canada and abroad, adjustments have been made, on the basis of information received from the companies, to delete the value of investments in non-Canadian operations.

Non-incorporated branches of Canadian companies have been valued on the basis of net assets in Canada, obtained, in the case of insurance companies, from the Annual Reports of the Superintendent of Insurance, and in the case of other companies directly by correspondence from the companies themselves.

Classification by Type of Business.

Classification by type of business has been determined by the chief activity carried on by each company. The total investment in companies carrying on more than one type of business has been classified under the predominant activity of each company. This principle has been followed throughout the preparation of all tables in this series, and should be kept in mind when interpreting the data in any of the tables. For example, in Table 1 of the present report the direct investment of \$130 million from the United States in the type of business classified as merchandising does not include any data from manufacturing companies which have invested capital in merchandising outlets. Similarly, in Table 14, capital investment by farm implement companies in the manufacture of motor vehicles has been included in the fourth column of the table under the heading "manufacture of farm implements and machinery" rather than in the first column under the heading "manufacture of motor vehicles."

⁽²⁾In the case of companies having common and preferred stock outstanding, accumulated deficits are applied first against the common; any deficit remaining thereafter being applied against the preferred.

Appendix 2 Factors Influencing Changes in the Value of Direct Investments
from year to year.

There are many potential factors that may influence the valuations of direct investments. The valuations, being based upon balance sheets, are subject to all the factors that may influence such statements. Some changes are of a kind that affect the Canadian balance of international payments while others are either due to internal changes or accounting practices. It is therefore difficult to generalize regarding the cause of the changes in the value of direct investments shown in the tables accompanying this report. Some indication of the variety of factors influencing the value of investments is given below to illustrate that changes in values are not necessarily associated with movements of capital affecting the balance of international payments.

International movements of capital do, however, result from many factors influencing the value of investments. The establishment of new branches or subsidiaries and the sale or changes in the ownership of existing direct investments are examples of changes in values closely related to movements of capital. Similarly, there is a wide range of international movements of capital connected with direct investments that may affect values. These may be for long or short-term financing. Often very substantial movements of capital accompany the improvement or extension of plants and equipment or the building up of inventory and other current assets. Then, too, there may be remittances of capital from the subsidiary to the parent company or others, e.g. for the redemption of bond issues. Or the outflow of capital may be for the acquisition of assets outside of Canada. Or, again, dividends or other current payments may be made out of accumulated surpluses. Sufficient potential factors have been enumerated to indicate the relationship between the value of investments and the movements of capital.

There are also the other factors of internal or accounting origin that sometimes have very appreciable effects upon the value of direct investments. Many fluctuations in the amounts of accumulated surpluses or deficits, affecting the shareholders' equity, originate in such internal circumstances as the reinvestment of profits from Canadian operations in Canada or in the meeting of operating deficits from Canadian sources. Reappraisals of assets also affect the value of investments as do exchanges of old securities for new securities of a different face value and payments of dividends in the form of stock. Then there are also instances where changes in the classification of investments between the direct and portfolio categories affect the total value of direct investments.

In the notes on direct investments and the balance of payments that follow, the movements of capital in 1937 connected with direct investments as well as other current remittances are discussed.

Appendix 3 Direct Investments and the Balance of Payments, 1937

(a) British and Foreign Direct Investments in Canada.

The interest and dividends paid by British and foreign direct investments are shown in Tables 6 to 9 and in the comments on the tables further analysis is made. Such payments on direct investments constitute a substantial part of the total interest and dividends remitted from Canada to other countries on all kinds of British and foreign investments in Canada. Of the estimated total interest and dividends paid to investors outside of Canada in 1936 and 1937, \$310 and \$325 million respectively, \$109.5 and \$117.1 million are represented by the interest and dividends paid to external investors by the companies classified as British and foreign direct investments in this report.

But direct investments have other important effects upon the Canadian balance of payments. Other current transactions and capital movements, particularly the latter, have a prominent place in the balance of payments. In 1937, as in other recent years, these movements of capital were on balance outward and of growing proportions.

Estimates of the total movements of funds between Canada and other countries, including interest and dividends, arising from the operations of British and foreign direct investments in Canada are shown in the statement that follows. Receipts or payments for merchandise exported or imported by the concerns are not included when the international transactions are carried out in the normal commercial manner. But merchandise transactions have been included when accompanied by capital movements.

Movements of Funds Between Canada and
Other Countries Arising from British and Foreign
Direct Investments in Canada, 1926-1937

(In millions of dollars)

	<u>Approximate Gross Movements*</u>		<u>Net Movements</u>	
	<u>Inflow</u>	<u>Outflow</u>	<u>Inflow</u>	<u>Outflow</u>
1926.....	113.3	80.6	32.7	
1927.....	110.6	87.3	23.3	
1928.....	97.8	109.6		11.8
1929.....	123.6	149.9		26.3
1930.....	112.5	147.6		35.1
1931.....	65.2	128.3		63.1
1932.....	38.3	107.5		69.2
1933.....	37.1	152.7		115.6
1934.....	44.8	146.3		101.5
1935.....	41.9	170.8		128.9
1936.....	57.3	206.0		148.7
1937.....	75.7	243.0		167.3

* For some companies and for some types of transaction the net inflow or outflow only have been included in the gross inflow and outflow. Movements of funds directly resulting from imports and exports of merchandise are excluded.

As the table shows, an increase of \$37 million in the gross outflow in 1937 was partly offset by larger inflows, the increase in the net outflow being \$18.6 million during the year 1937. Of this, \$7.6 million was due to larger dividends paid in the latter year. The remainder of the outflow was represented for the most part by capital movements.

Although the inflow of capital in 1937 for long-term direct investment was considerably larger than in any year since 1931, it was still of much lighter volume than the heavy inflow for long-term investment before 1931. Some of this capital in 1937 was for the establishment of new direct investments in Canada, while the remainder was for the most part for the development of existing branches and subsidiaries. But the principal part of the total inflow of capital during the year was in the short-term category as in other recent years. Loans and advances of a temporary character constituted the major part of the total and a considerable part of them was offset by short-term counter-movements.

As already noted, there was a continuation in the expansion in the outflow of capital. On balance this total outward movement exceeded the inflow of capital as has been the case in every year since 1932. A considerable part of the outflow was reported as being for the retirement of outstanding long-term indebtedness, while other substantial movements were for the reduction of short-term indebtedness to parent companies and others abroad. Other outflows of capital had the effect of increasing the assets of the Canadian companies outside of Canada. It should be noted that some of the outflow of capital from foreign direct investments in Canada has not the same effects upon the balance of international indebtedness of Canada as outflows of Canadian-owned capital. An outflow does not necessarily increase Canadian-owned assets abroad or reduce Canadian liabilities abroad. For example, an outflow of capital reducing the external liabilities of a Canadian company controlled abroad may have the effect of increasing the value of the equity of the external shareholders in Canada.

(b) Canadian Direct Investments Abroad

Transactions connected with Canadian direct investments abroad have also had important effects upon the Canadian balance of payments.

Of the total receipts of interest and dividends from Canadian investments abroad in 1936 and 1937, \$76.2 and \$78.8 million respectively, there were \$34.0 and \$34.8 million represented by the interest and dividends received from Canadian direct investments abroad in the same two years.

Other movements arising from these investments have also been substantial and on balance outward in recent years. Outward movements of capital have been of both long and short term character and include transfers for such purposes as the establishment, development and maintenance of the branches or subsidiaries abroad of Canadian companies. Capital transactions of Canadian railways with lines and subsidiaries in the United States constitute an important part of this group of capital movements. In 1937 the net outflow of capital connected with Canadian direct investments abroad was somewhat heavier than in 1936.

(c) Net Capital Transactions of both groups of International Direct Investments.

The net capital movements between Canada and other countries arising from the operations of British and foreign direct investments in Canada and Canadian direct investments abroad that have not been classified in other items, such as retirements, of the capital account of the Canadian balance of payments, are indicated by the statement that follows. It should be noted that the transactions of Canadian trust companies are also reflected in this item, however. The figures in this statement appear in a separate item of the capital account of the Canadian balance of payments.

Net Capital Transactions of International Direct Investments etc. (n.o.p.)

1927 - 1937

(In millions of dollars)

	Net Inward Movement (Credits)	Net Outward Movement (Debits)
1927.....	27.6	-
1928.....	18.1	-
1929.....	15.0	-
1930.....	22.9	-
1931.....	-	1.2
1932.....	-	31.1
1933.....	-	74.3
1934.....	-	50.8
1935.....	-	52.2
1936.....	-	74.2
1937.....	-	82.6

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 1

Investment in Canadian operations of companies carrying on some or all of their operations in Canada which are branches of or controlled^x by companies incorporated out of Canada, or are controlled^x by individuals domiciled out of Canada.^{xx}

United States Control

End of 1937

(Values in thousands of dollars)

Type of Business	Number of Companies	Total Investment	Distribution of Ownership			
			Canada	United States	Great Britain	Other Countries
TOTAL	1,952	2,330,820.6	390,007.8	1,868,859.7	63,236.9	8,716.2
Capital Stock		69%	72%	67%	90%	94%
Funded Debt		18%	27%	16%	9%	6%
Other long-term indebtedness		6%	1%	8%	1%	--
Net Assets		7%	--	9%	--	--
Manufacturing	995	1,074,407.3	109,574.6	945,574.5	18,180.9	1,077.3
Capital Stock		80%	87%	79%	94%	98%
Funded Debt		8%	9%	8%	6%	--
Other long-term indebtedness		8%	4%	8%	--	2%
Net Assets		4%	--	5%	--	--
Mining	110	332,894.4	76,605.4	217,161.2	33,639.8	5,488.0
Capital Stock		91%	81%	94%	99%	100%
Funded Debt		7%	19%	3%	--	--
Other long-term indebtedness		1%	--	1%	1%	--
Net Assets		1%	--	2%	--	--
Utility	103	577,094.2	169,893.1	395,078.0	10,335.4	1,787.7
Capital Stock		48%	59%	43%	57%	75%
Funded Debt		48%	41%	51%	43%	25%
Other long-term indebtedness		3%	--	5%	--	--
Net Assets		1%	--	1%	--	--
Merchandising	374	139,024.0	8,807.5	130,104.2	112.3	--
Capital Stock		64%	96%	62%	100%	--
Funded Debt		1%	1%	1%	--	--
Other long-term indebtedness		32%	3%	34%	--	--
Net Assets		3%	--	3%	--	--
Financial	254	151,740.0	9,990.9	140,807.5	932.6	9.0
Capital Stock		25%	84%	20%	74%	100%
Funded Debt		4%	16%	4%	26%	--
Other long-term indebtedness		1%	--	1%	--	--
Net Assets		70%	--	75%	--	--
Miscellaneous	116	55,660.7	15,136.3	40,134.3	35.9	354.2
Capital Stock		56%	31%	64%	90%	92%
Funded Debt		30%	69%	16%	--	8%
Other long-term indebtedness		5%	--	7%	10%	--
Net Assets		9%	--	13%	--	--

^x Concentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control.

^{xx} Subsidiaries of Canadian companies which come within the above definition are themselves considered as coming within the definition.

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 2

Investment in Canadian operations of companies carrying on some or all of their operations in Canada which are branches of or controlled^x by companies incorporated out of Canada, or are controlled^x by individuals domiciled out of Canada.^{xx}

British Control

End of 1937

(Values in thousands of dollars)

Type of Business	Number of Companies	Total Investment	Distribution of Ownership			
			Canada	United States	Great Britain	Other Countries
TOTAL	402	423,314.7	36,783.7	17,069.1	367,163.0	2,298.9
Capital Stock		54%	86%	84%	49%	91%
Funded Debt		14%	9%	16%	14%	8%
Other long-term indebtedness		3%	5%	--	3%	1%
Net Assets		29%	--	--	34%	--
Manufacturing	121	185,528.6	25,028.9	12,832.7	145,794.5	1,872.5
Capital Stock		81%	91%	98%	78%	100%
Funded Debt		12%	4%	2%	14%	--
Other long-term indebtedness		4%	5%	--	4%	--
Net Assets		3%	--	--	4%	--
Mining	18	29,373.8	5,241.4	1,124.1	22,831.8	176.5
Capital Stock		62%	75%	59%	59%	100%
Funded Debt		27%	25%	41%	27%	--
Other long-term indebtedness		4%	--	--	5%	--
Net Assets		7%	--	--	9%	--
Utility	5	15,481.5	--	--	15,298.7	182.8
Capital Stock ^{xxx}		--	--	--	--	--
Funded Debt ^{xxx}		--	--	--	--	--
Other long-term indebtedness		--	--	--	--	--
Net Assets		--	--	--	--	--
Merchandising	117	44,608.3	2,662.5	79.2	41,822.6	44.0
Capital Stock		26%	85%	94%	22%	47%
Funded Debt		--	--	--	--	--
Other long-term indebtedness		9%	15%	6%	8%	53%
Net Assets		65%	--	--	70%	--
Financial	132	146,259.8	3,849.4	3,026.0	139,361.3	23.1
Capital Stock		30%	76%	34%	29%	78%
Funded Debt		11%	24%	66%	9%	22%
Other long-term indebtedness		--	--	--	--	--
Net Assets		59%	--	--	62%	--
Miscellaneous	9	2,062.7	1.5	7.1	2,054.1	--
Capital Stock		3%	100%	100%	3%	--
Funded Debt		50%	--	--	50%	--
Other long-term indebtedness		--	--	--	--	--
Net Assets		47%	--	--	47%	--

^xConcentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control.

^{xx}Subsidiaries of Canadian companies which come within the above definition are themselves considered as coming within the definition.

^{xxx}Details omitted to avoid disclosing confidential information.

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 3

Investment in Canadian operations of companies carrying on some or all of their operations in Canada which are branches of or controlled^x by companies incorporated out of Canada, or are controlled^x by individuals domiciled out of Canada.^{xx}

Control in Countries other than Canada, the United States or Great Britain

End of 1937

(Values in thousands of dollars)

Type of Business	Number of Companies	Total Investment	Distribution of Ownership			
			Canada	United States	Great Britain	Other Countries
TOTAL	86	53,849.4	10,135.6	208.2	27.8	43,477.8
Capital Stock		35%	17%	68%	46%	40%
Funded Debt		33%	79%	--	--	23%
Other long-term indebtedness		8%	4%	32%	54%	8%
Net Assets		24%	--	--	--	29%
Manufacturing	14	4,314.2	223.4	13.8	5.5	4,071.5
Capital Stock		23%	100%	5%	100%	18%
Funded Debt		2%	--	--	--	2%
Other long-term indebtedness		24%	--	95%	--	26%
Net Assets		51%	--	--	--	54%
Mining	7	1,176.5	236.4	66.5	15.0	858.6
Capital Stock		13%	11%	20%	--	13%
Funded Debt ^{xxx}						
Other long-term indebtedness ^{xxx}		83%	89%	80%	100%	81%
Net Assets		4%	--	--	--	6%
Utility	3	3,077.2	1,519.5	--	--	1,557.7
Capital Stock		71%	72%	--	--	70%
Funded Debt		--	--	--	--	--
Other long-term indebtedness		28%	28%	--	--	27%
Net Assets		1%	--	--	--	3%
Merchandising	24	2,895.3	147.0	50.9	--	2,697.4
Capital Stock		69%	100%	100%	--	67%
Funded Debt		--	--	--	--	--
Other long-term indebtedness		27%	--	--	--	29%
Net Assets		4%	--	--	--	4%
Financial	31	41,441.6	7,876.5	--	7.3	33,557.8
Capital Stock		32%	3%	--	100%	38%
Funded Debt		42%	97%	--	--	29%
Other long-term indebtedness		1%	--	--	--	2%
Net Assets		25%	--	--	--	31%
Miscellaneous	7	944.6	132.8	77.0	--	734.8
Capital Stock		75%	1%	100%	--	85%
Funded Debt		17%	99%	--	--	4%
Other long-term indebtedness		8%	--	--	--	11%
Net Assets		--	--	--	--	--

^xConcentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control.

^{xx}Subsidiaries of Canadian companies which come within the above definition are themselves considered as coming within the definition.

^{xxx}Details combined to avoid disclosing confidential information.

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 4

Investment in Canadian operations of companies carrying on some or all of their operations in Canada which are branches of or controlled^x by companies incorporated out of Canada, or are controlled^x by individuals domiciled out of Canada.^{xx}

Total British and Foreign Control

End of 1937

(Values in thousands of dollars)

Type of Business	Number of Companies	Total Investment	Distribution of Ownership			
			Canada	United States	Great Britain	Other Countries
TOTAL	2,440	2,807,984.7	436,927.1	1,886,137.0	430,427.7	54,492.9
Capital Stock		66%	71%	67%	55%	50%
Funded Debt		17%	27%	16%	13%	20%
Other long-term indebtedness		6%	2%	8%	3%	7%
Net Assets		11%	--	9%	29%	23%
Manufacturing	1,130	1,264,250.1	134,826.9	958,421.0	163,980.9	7,021.3
Capital Stock		80%	88%	79%	79%	53%
Funded Debt		9%	8%	8%	13%	1%
Other long-term indebtedness		7%	4%	8%	4%	15%
Net Assets		4%	--	5%	4%	31%
Mining	135	363,444.7	82,083.2	218,351.8	56,486.6	6,523.1
Capital Stock		89%	80%	94%	83%	88%
Funded Debt		8%	20%	4%	11%	--
Other long-term indebtedness		1%	--	1%	2%	11%
Net Assets		2%	--	1%	4%	1%
Utility	111	595,652.9	171,412.6	395,078.0	25,634.1	3,528.2
Capital Stock		48%	59%	43%	44%	69%
Funded Debt		48%	40%	51%	56%	18%
Other long-term indebtedness		3%	1%	5%	--	12%
Net Assets		1%	--	1%	--	1%
Merchandising	515	186,527.6	11,617.0	130,234.3	41,934.9	2,741.4
Capital Stock		55%	93%	62%	22%	66%
Funded Debt		1%	1%	1%	--	--
Other long-term indebtedness		26%	6%	34%	8%	30%
Net Assets		18%	--	3%	70%	4%
Financial	417	339,441.4	21,716.8	143,833.5	140,301.2	33,589.9
Capital Stock		28%	53%	20%	29%	38%
Funded Debt		12%	47%	5%	9%	29%
Other long-term indebtedness		1%	--	1%	1%	2%
Net Assets		59%	--	74%	61%	31%
Miscellaneous	132	58,668.0	15,270.6	40,218.4	2,090.0	1,089.0
Capital Stock		54%	31%	64%	4%	87%
Funded Debt		31%	69%	16%	49%	6%
Other long-term indebtedness		5%	--	7%	1%	7%
Net Assets		10%	--	13%	46%	--

^xConcentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control.

^{xx}Subsidiaries of Canadian companies which come within the above definition are themselves considered as coming within the definition.

Special Note: Since Table 4 represents a consolidation of all information in Tables 1, 2 and 3, it is to be noted that the amounts given above are not to be taken as direct investment totals: e.g. the column headed "United States" includes not only American direct investment but also American portfolio investments in British-controlled companies (from Table 2) and in companies controlled elsewhere abroad (from Table 3).

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 5

Direct Investment in Manufacturing Companies

(Analysis in greater detail of figures given in "Manufacturing" section of Tables 1 and 2)

End of 1937

(Values in thousands of dollars)

Commodity Groups	United States Control		British Control	
	Number of Companies	Direct Investment	Number of Companies	Direct Investment
Total Manufacturing	995	945,574.5	121	145,794.5
Vegetable Products	96	89,974.5	34	61,242.2
Animal Products	40	44,865.3	4	2,131.1
Textiles	56	18,993.8	18	15,782.9
Wood and Paper Products	145	303,196.3	12	36,225.2
Iron and Its Products	240	186,434.0	15	3,224.5
Non-ferrous Metals	106	87,879.6	8	4,770.6
Non-metallic Minerals	48	103,957.3	(x)	(x)
Chemicals and Allied Products	211	86,155.8	27	19,838.2
Miscellaneous Manufacturing	53	24,117.9	3	2,579.8

(x) Combined with data for Miscellaneous Manufacturing under British control in order to avoid disclosing confidential information.

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 6

United States Control

Dividends on Common and Preferred Stock and Interest on Funded Debt

Dividends (in cash) and Interest on Funded Debt paid by companies incorporated in Canada which carry on some or all of their operations in Canada.

Calendar year 1937

(Amounts are expressed in thousands of dollars)

Type of Business	Total Dividends and Interest Paid ^x	Payments to security-holders resident in			
		Canada ^x	United States	Great Britain	Other Countries
TOTAL	140,029.2	35,585.3	91,755.8	11,026.4	1,661.7
Dividends	89%	87%	89%	99%	99%
Interest	11%	13%	11%	1%	1%
Manufacturing	60,446.7	13,136.1	44,242.8	3,003.1	64.7
Dividends	98%	96%	99%	99%	100%
Interest	2%	4%	1%	1%	--
Mining	53,431.5	12,614.1	31,752.9	7,553.3	1,511.2
Dividends	97%	97%	97%	100%	100%
Interest	3%	3%	3%	--	--
Utility	19,450.0	8,535.6	10,417.8	411.9	84.7
Dividends	41%	59%	24%	79%	73%
Interest	59%	41%	76%	21%	27%
Merchandising	4,195.2	269.3	3,925.9	--	--
Dividends	98%	99%	98%	--	--
Interest	2%	1%	2%	--	--
Financial	1,607.1	542.6	1,006.7	57.4	0.4
Dividends	78%	84%	75%	67%	100%
Interest	22%	16%	25%	33%	--
Miscellaneous	898.7	487.6	409.7	0.7	0.7
Dividends	60%	33%	92%	100%	100%
Interest	40%	67%	8%	--	--

^xLess dividends and interest paid by Canadian subsidiary companies to Canadian parent companies.

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 7

British Control

Dividends on Common and Preferred Stock and Interest on Funded Debt

Dividends (in cash) and Interest on Funded Debt paid by companies incorporated in Canada which carry on some or all of their operations in Canada.

Calendar year 1937

(Amounts are expressed in thousands of dollars)

Type of Business	Total Dividends and Interest Paid ^x	Payments to security-holders resident in			
		Canada ^x	United States	Great Britain	Other Countries
TOTAL	13,188.8	1,776.4	771.7	10,531.4	109.3
Dividends	95%	94%	84%	84%	91%
Interest	15%	6%	16%	16%	9%
Manufacturing	10,949.1	1,613.9	637.8	8,599.7	97.7
Dividends	92%	98%	99%	90%	100%
Interest	8%	2%	1%	10%	--
Mining	357.0	77.7	25.6	253.7	--
Dividends	64%	60%	5%	71%	--
Interest	36%	40%	95%	29%	--
Utility	414.9	--	--	404.8	10.1
Dividends	31%	--	--	32%	--
Interest	69%	--	--	68%	100%
Merchandising	172.8	8.7	0.2	163.4	0.5
Dividends	97%	45%	100%	100%	100%
Interest	3%	55%	--	--	--
Financial	1,284.5	75.9	105.8	1,101.8	1.0
Dividends	56%	51%	15%	60%	80%
Interest	44%	49%	85%	40%	20%
Miscellaneous	10.5	0.2	2.3	8.0	--
Dividends	100%	100%	100%	100%	--
Interest	--	--	--	--	--

^xLess dividends and interest paid by Canadian subsidiary companies to Canadian parent companies.

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 8

Control in Countries other than Canada, the United States or Great Britain

Dividends on Common and Preferred Stock and Interest on Funded Debt

Dividends (in cash) and Interest on Funded Debt paid by companies incorporated in Canada which carry on some or all of their operations in Canada.

Calendar year 1937

(Amounts are expressed in thousands of dollars)

Type of Business	Total Dividends and Interest Paid ^x	Payments to Security-holders resident in			
		Canada ^x	United States	Great Britain	Other Countries
TOTAL	1,644.7	401.0	9.4	--	1,234.3
Dividends	56%	13%	100%	--	70%
Interest	44%	87%	--	--	30%
Manufacturing	--	--	--	--	--
Dividends	--	--	--	--	--
Interest	--	--	--	--	--
Mining	--	--	--	--	--
Dividends	--	--	--	--	--
Interest	--	--	--	--	--
Utility	--	--	--	--	--
Dividends	--	--	--	--	--
Interest	--	--	--	--	--
Merchandising	353.5	48.9	9.4	--	295.2
Dividends	100%	100%	100%	--	100%
Interest	--	--	--	--	--
Financial	1,291.2	352.1	--	--	939.1
Dividends	44%	1%	--	--	61%
Interest	56%	99%	--	--	39%
Miscellaneous	--	--	--	--	--
Dividends	--	--	--	--	--
Interest	--	--	--	--	--

^x Less dividends and interest paid by Canadian subsidiary companies to Canadian parent companies.

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 9

Total British and Foreign Control

Dividends on Common and Preferred Stock and Interest on Funded Debt

Dividends (in cash) and Interest on Funded Debt paid by companies incorporated in Canada which carry on some or all of their operations in Canada.

Calendar year 1937

(Amounts are expressed in thousands of dollars)

Type of Business	Total Dividends and Interest Paid ^x	Payments to Security-holders resident in			
		Canada ^x	United States	Great Britain	Other Countries
TOTAL	154,862.7	37,762.7	92,536.9	21,557.8	3,005.3
Dividends	89%	86%	89%	92%	87%
Interest	11%	14%	11%	8%	13%
Manufacturing	71,395.8	14,750.0	44,880.6	11,602.8	162.4
Dividends	97%	96%	99%	92%	100%
Interest	3%	4%	1%	8%	--
Mining	53,788.5	12,691.8	31,778.5	7,807.0	1,511.2
Dividends	97%	96%	97%	99%	100%
Interest	3%	4%	3%	1%	--
Utility	19,864.9	8,535.6	10,417.8	816.7	94.8
Dividends	41%	59%	24%	56%	66%
Interest	59%	41%	76%	44%	34%
Merchandising	4,721.5	326.9	3,935.5	163.4	295.7
Dividends	98%	97%	98%	100%	100%
Interest	2%	3%	2%	--	--
Financial	4,182.8	970.6	1,112.5	1,159.2	940.5
Dividends	61%	51%	70%	61%	61%
Interest	39%	49%	30%	39%	39%
Miscellaneous	909.2	487.8	412.0	8.7	0.7
Dividends	60%	33%	92%	100%	100%
Interest	40%	67%	8%	--	--

^x Less dividends and interest paid by Canadian subsidiary companies to Canadian parent companies.

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 10

Investment in Canadian operations of companies carrying on some or all of their operations in Canada which are branches of or controlled^x by companies incorporated out of Canada, or are controlled^x by individuals domiciled out of Canada.^{xx}

United States Control

Comparison of data for 1936 and 1937

(Values in thousands of dollars)

Type of Business	Number of Companies	Total Investment	Distribution of Ownership				
			Canada	United States	Great Britain	Other Countries	
TOTAL							
1936	1,997	2,317,940.9	405,414.1	1,844,407.3	60,835.9	7,283.6	
1937	1,952	2,330,820.6	390,007.8	1,868,859.7	63,236.9	8,716.2	
Manufacturing							
1936	1,035	1,046,596.1	112,177.5	917,187.2	16,121.4	1,110.0	
1937	995	1,074,407.3	109,574.6	945,574.5	18,180.9	1,077.3	
Mining							
1936	108	333,909.6	75,606.5	220,472.3	33,184.6	4,646.2	
1937	110	332,894.4	76,605.4	217,161.2	33,639.8	5,488.0	
Utility							
1936	111	578,972.7	184,263.0	383,766.3	9,776.5	1,166.9	
1937	103	577,094.2	169,893.1	395,078.0	10,335.4	1,787.7	
Merchandising							
1936	376	130,642.9	10,571.5	119,935.7	100.2	35.5	
1937	374	139,024.0	8,807.5	130,104.2	112.3	--	
Financial							
1936	250	166,355.1	6,422.1	158,306.8	1,617.4	8.8	
1937	254	151,740.0	9,990.9	140,807.5	932.6	9.0	
Miscellaneous							
1936	117	61,464.5	16,373.5	44,739.0	35.8	316.2	
1937	116	55,660.7	15,136.3	40,134.3	35.9	354.2	

^xConcentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control.

^{xx}Subsidiaries of Canadian companies which come within the above definition are themselves considered as coming within the definition.

Note: 1936 data have been revised since publication of "British and Foreign Direct Investments in Canada and Canadian Direct Investments Abroad - 1936."

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 11

Investment in Canadian operations of companies carrying on some or all of their operations in Canada which are branches of or controlled^x by companies incorporated out of Canada, or are controlled^x by individuals domiciled out of Canada.^{xx}

British Control

Comparison of data for 1936 and 1937

(Values in thousands of dollars)

Type of Business	Number of Companies	Total Investment	Distribution of Ownership			
			Canada	United States	Great Britain	Other Countries
TOTAL						
1936	383	442,480.9	39,091.8	16,839.3	384,731.1	1,818.7
1937	402	423,314.7	36,783.7	17,069.1	367,163.0	2,298.9
Manufacturing						
1936	111	194,776.6	28,123.9	12,125.7	152,947.1	1,579.9
1937	121	185,528.6	25,028.9	12,832.7	145,794.5	1,872.5
Mining						
1936	17	31,470.5	4,388.2	1,618.4	25,286.1	177.8
1937	18	29,373.8	5,241.4	1,124.1	22,831.8	176.5
Utility						
1936	5	13,026.1	--	--	13,026.1	--
1937	5	15,481.5	--	--	15,298.7	182.8
Merchandising						
1936	111	44,160.1	2,821.7	72.4	41,227.0	39.0
1937	117	44,608.3	2,662.5	79.2	41,822.6	44.0
Financial						
1936	130	157,930.8	3,744.4	3,016.3	151,148.1	22.0
1937	132	146,259.8	3,849.4	3,026.0	139,361.3	23.1
Miscellaneous						
1936	9	1,116.8	13.6	6.5	1,096.7	--
1937	9	2,062.7	1.5	7.1	2,054.1	--

^xConcentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control.

^{xx}Subsidiaries of Canadian companies which come within the above definition are themselves considered as coming within the definition.

Note: 1936 data have been revised since publication of "British and Foreign Direct Investments in Canada and Canadian Direct Investments Abroad - 1936."

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 12

Investment in Canadian operations of companies carrying on some or all of their operations in Canada which are branches of or controlled^x by companies incorporated out of Canada, or are controlled^x by individuals domiciled out of Canada.^{xx}

Control in Countries other than Canada, the United States or Great Britain

Comparison of data for 1936 and 1937

(Values in thousands of dollars)

Type of Business	Number of Companies	Total Investment	Distribution of Ownership				
			Canada	United States	Great Britain	Other Countries	
TOTAL							
1936	75	51,608.6	11,180.5	114.7	36.8	40,276.6	
1937	86	53,849.4	10,135.6	208.2	27.8	43,477.8	
Manufacturing							
1936	14	3,055.5	225.8	14.0	5.5	2,810.2	
1937	14	4,314.2	223.4	13.8	5.5	4,071.5	
Mining							
1936	6	989.0	46.5	59.8	15.0	867.7	
1937	7	1,176.5	236.4	66.5	15.0	858.6	
Utility							
1936	4	5,532.2	2,740.5	--	--	2,791.7	
1937	3	3,077.2	1,519.5	--	--	1,557.7	
Merchandising							
1936	27	2,854.4	202.1	40.9	9.2	2,602.2	
1937	24	2,895.3	147.0	50.9	--	2,697.4	
Financial							
1936	21	39,043.6	7,964.3	--	7.1	31,072.2	
1937	31	41,441.6	7,876.5	--	7.3	33,557.8	
Miscellaneous							
1936	3	133.9	1.3	--	--	132.6	
1937	7	944.6	132.8	77.0	--	734.8	

^xConcentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control.

^{xx}Subsidiaries of Canadian companies which come within the above definition are themselves considered as coming within the definition.

Note: 1936 data have been revised since publication of "British and Foreign Direct Investments in Canada and Canadian Direct Investments Abroad - 1936."

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 13

Investment in Canadian operations of companies carrying on some or all of their operations in Canada which are branches of or controlled^x by companies incorporated out of Canada, or are controlled^x by individuals domiciled out of Canada.^{xx}

Total British and Foreign Control

Comparison of data for 1936 and 1937

(Values in thousands of dollars)

Type of Business	Number of Companies	Total Investment	Distribution of Ownership			
			Canada	United States	Great Britain	Other Countries
TOTAL						
1936	2,455	2,812,030.4	455,686.4	1,861,361.3	445,603.8	49,378.9
1937	2,440	2,807,984.7	436,927.1	1,886,137.0	430,427.7	54,492.9
Manufacturing						
1936	1,160	1,244,428.2	140,527.2	929,326.9	169,074.0	5,500.1
1937	1,130	1,264,250.1	134,826.9	958,421.0	163,980.9	7,021.3
Mining						
1936	131	366,369.1	80,041.2	222,150.5	58,485.7	5,691.7
1937	135	363,444.7	82,083.2	218,351.8	56,486.6	6,523.1
Utility						
1936	120	597,531.0	187,003.5	383,766.3	22,802.6	3,958.6
1937	111	595,652.9	171,412.6	395,078.0	25,634.1	3,528.2
Merchandising						
1936	514	177,657.4	13,595.3	120,049.0	41,336.4	2,676.7
1937	515	186,527.6	11,617.0	130,234.3	41,934.9	2,741.4
Financial						
1936	401	363,329.5	18,130.8	161,323.1	152,772.6	31,103.0
1937	417	339,441.4	21,716.8	143,833.5	140,301.2	33,589.9
Miscellaneous						
1936	129	62,715.2	16,388.4	44,745.5	1,132.5	448.8
1937	132	58,668.0	15,270.6	40,218.4	2,090.0	1,089.0

^xConcentration in one external country of 50% or more of the total investment in a Canadian company is accepted as prima facie evidence of control.

^{xx}Subsidiaries of Canadian companies which come within the above definition are themselves considered as coming within the definition.

Note: 1936 data have been revised since publication of "British and Foreign Direct Investments in Canada and Canadian Direct Investments Abroad - 1936."

BRITISH AND FOREIGN DIRECT INVESTMENTS IN CANADA: TABLE 14

LOCATION OF CONTROL AND DISTRIBUTION OF OWNERSHIP OF CAPITAL INVESTMENT IN SEVEN CANADIAN INDUSTRIES⁽¹⁾ END OF 1937

	Manufac- ture of motor vehicles	Manufac- ture of prepared breakfast foods	Manufac- ture of rubber or rubbar products	Manufac- ture of farm im- plements and ma- chinery	Manufac- ture of wood pulp or paper	Loan Com-(2) panies	Manufac- ture of sugar
<u>I LOCATION OF CONTROL</u>	%	%	%	%	%	%	%
A. Extent of control in Canada	0.5	2.3	20.4	41.9	55.1	64.6	100.0
B. Extent of external control ⁽³⁾	99.5	97.7	79.6	58.1	44.9	35.4	--
(a) Extent of control in United States	98.9	97.7	71.3	55.9	41.1	9.8	--
(b) Extent of control in Great Britain	0.6	--	8.3	--	3.8	11.6	--
(c) Extent of control in other foreign countries .	--	--	--	2.2	--	14.0	--
<u>II GEOGRAPHICAL DISTRIBUTION OF OWNERSHIP</u>							
A. Investment from Canada expressed as a percentage of total investment	13.1	2.2	39.6	30.4	40.7	57.2	70.8
B. External investment expressed as a percentage of total investment	86.9	97.8	60.4	69.6	59.3	42.8	29.2
(a) Investment from the United States expressed as a percentage of total investment	85.5	97.8	55.4	58.1	49.8	11.6	25.4
(b) Investment from Great Britain expressed as a percentage of total investment	0.6	--	4.8	9.3	8.7	20.4	3.8
(c) Investment from other foreign countries ex- pressed as a percentage of total investment.	0.8	--	0.2	2.2	0.8	10.8	--

(1) Classification by kind of business has been determined by the chief activity carried on by each company. The total investment in companies carrying on more than one kind of business has been classified under the predominant activity of each company. Each of the industries mentioned in this table is limited to those companies whose chief activity is one of the seven types of business referred to.

(2) All companies not being chartered banks whose chief activity in Canada is lending money.

(3) Extent of external control of an industry has been determined by expressing the total investment in companies controlled abroad as a percentage of the total investment in all companies in the industry. Extent of control in Canada, in the United States, in Great Britain and in other foreign countries has been determined in the same manner.

TABLE 15.--CANADIAN DIRECT INVESTMENTS ABROAD

IN

BRANCHES, SUBSIDIARIES, ETC., BY TYPES OF BUSINESS, END OF 1937

(Values in thousands of dollars)

Type of Business Abroad	All Countries			United States		
	Number of Canadian Parent Companies*	Number of Subsidiaries etc., Abroad	Value of Investment \$	Number of Canadian Parent Companies*	Number of Subsidiaries etc., Abroad	Value of Investment \$
TOTAL INVESTMENT ABROAD .	121	337	510,728.9	94	218	327,865.7
Merchandising	25	37	7,821.0	13	15	1,617.5
Manufacturing	60	158	120,883.5	51	109	87,771.5
Mining, Petroleum and Products	32	47	125,436.5	28	34	26,196.2
Utilities, Transportation and Miscellaneous	12	95	256,587.9	7	60	212,280.5

Type of Business Abroad	United Kingdom			Other Countries		
	Number of Canadian Parent Companies*	Number of Subsidiaries etc., Abroad	Value of Investment \$	Number of Canadian Parent Companies*	Number of Subsidiaries etc., Abroad	Value of Investment \$
TOTAL INVESTMENT ABROAD .	23	34	13,186.0	30	85	169,677.2
Merchandising	9	9	1,339.4	7	13	4,864.1
Manufacturing	11	21	6,779.1	10	28	26,332.9
Mining, Petroleum and Products	-	-	-	8	13	99,240.3
Utilities, Transportation and Miscellaneous	3	4	5,067.5	8	31	39,239.9

*Number of Canadian parent companies do not add exactly as several companies operate in more than one area, and with more than one type of business.

TABLE 16.--CANADIAN DIRECT INVESTMENTS ABROAD IN BRANCHES, SUBSIDIARIES, ETC.,

BY TYPES OF ORGANIZATION AND KINDS OF SECURITIES, END OF 1937

(Values in thousands of dollars)

Type of Organization and Country	Number of Canadian Parent Companies*	Number of Subsidiaries etc., Abroad	Total Investment	Common Stocks	Preferred Stocks	Bonds and Debentures	Other (Net Assets, Loans, Advances, etc.)
			\$	\$	\$	\$	\$
<u>All Countries--</u>							
Incorporated Subsidiaries,							
Wholly-owned	54	190	383,286.2	249,470.4	32,271.2	72,164.7	23,379.9
Other Controlling equities ...	39	99	106,902.9	46,653.6	13,684.8	38,306.7	8,257.8
Unincorporated Branches,							
Agencies, etc.	18	27	5,961.7	-	-	-	5,961.7
Miscellaneous--(Mining and Oil Companies, Leases, Claims, etc.)	21	21	14,578.1	-	-	-	14,578.1
	121	337	510,728.9	296,124.0	45,956.0	110,471.4	58,177.8
<u>United States--</u>							
Incorporated Subsidiaries,							
Wholly-owned	52	126	223,653.3	106,837.4	32,271.2	68,414.7	18,082.0
Other Controlling equities ...	27	85	92,815.8	38,066.5	13,684.8	37,306.7	3,757.8
Unincorporated Branches,							
Agencies, etc.	9	10	171.0	-	-	-	171.0
Miscellaneous--(Mining and Oil Companies, Leases, Claims, etc.)	17	17	9,223.6	-	-	-	9,223.6
	94	218	327,865.7	144,953.9	45,956.0	105,721.4	31,234.4
<u>United Kingdom--</u>							
Incorporated Subsidiaries,							
Wholly-owned	10	18	10,982.4	1,692.6	-	-	9,289.8
Other Controlling equities ...	5	8	1,126.4	1,126.4	-	-	-
Unincorporated Branches,							
Agencies, etc.	8	8	1,077.2	-	-	-	1,077.2
Miscellaneous--(Mining and Oil Companies, Leases, Claims, etc.)	-	-	-	-	-	-	-
	23	34	13,186.0	2,819.0	-	-	10,367.0
<u>Other Countries--</u>							
Incorporated Subsidiaries,							
Wholly-owned	15	43	145,543.3	140,830.4	-	3,730.0	2,008.1
Other Controlling equities ...	10	26	12,560.7	7,460.7	-	1,000.0	4,500.0
Unincorporated Branches,							
Agencies, etc.	4	9	4,713.5	-	-	-	4,713.5
Miscellaneous--(Mining and Oil Companies, Leases, Claims, etc.)	4	4	5,354.5	-	-	-	5,354.5
	30	85	169,577.2	148,351.1	-	4,750.0	12,076.1

*Number of Canadian parent companies do not add exactly as several companies operate in more than one area, and with more than one type of organization.

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