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U.S. DIRECT INVESTMENT IN CANADA  
AS REPORTED BY U.S. SOURCES, 1946 - 1967

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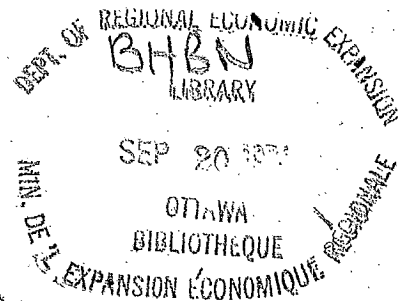
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SUMMARY

United States sources report that U.S. direct investment in Canada rose from \$US 2,663 million at the end of 1946 to \$US 18,069 million in the end of 1967, an annual growth rate of 9.5 per cent. The main growth occurred from 1951 through 1957, with the rate above average each year.

U.S. direct investment in Canada was a substantial proportion of total U.S. direct investment abroad. At the end of 1946, it was 30.1 per cent of the total, and at the end of 1967 it was 30.5 per cent. In between, it varied from 27.0 per cent to 35.1 per cent.

The outflow of new capital from the U.S. to Canada made a substantial contribution to this growth in the value of U.S. investment, but it did not dominate the growth picture.

The rate of return to U.S. direct investment in Canada was higher during the first decade under review than it was during the second. Total earnings and undistributed earnings increased substantially over the period. Undistributed earnings made a substantial contribution to the growth of U.S. direct investment, the significance of which varied from year to year.

Payments of income to the U.S. increased during the period. At the beginning of the period, these payments were higher than net capital flows from the U.S. so that the annual contribution of the Canadian balance of payments was negative. During the middle of the period, capital flows were greater than income so that the effect was positive. By the end of the period, it was negative again. From the end of 1946 to the end of 1967, the cumulative contribution of the Canadian balance of payments was \$US 507 million. During the same period, the value of U.S. direct investment rose by \$US 15,406 million. Thus, the increase in the value of U.S. direct investment exceeded the net contribution to the Canadian balance of payments by almost \$US 15 billion.

Data on payments to U.S. parents for fees and royalties are available from 1961 on. When these are added to income payments as an outflow the net contribution to the Canadian balance of payments over the seven years from 1961 through 1967 was minus \$US 1,665 million. Over the same period, the value of U.S. direct investment in Canada increased by \$US 6,890 million.

The manufacturing group of industries predominated throughout the period. The percentage of U.S. direct investment in Canada which was in manufacturing ranged from 43.2 per cent to 53.0 per cent, ending at 44.7 per cent in 1967. The book value rose from \$US 1,202 million in 1946 to \$US 8,083 million in 1967, an increase of 572.5 per cent. This was equivalent to an average annual growth rate of 9.5 per cent. Undistributed earnings played a greater role in this growth than new capital coming from the United States.

Rates of return were high, and above the average for the total field of direct investment. They were higher in the first decade than in the the second.

In most years, payments of income to the U.S. exceeded the value of new capital coming in. From the end of 1946 to the end of 1967, an increase in investment by \$US 6,881 million was associated with an adverse affect on the Canadian balance of payments of \$US 1,642 million.

The percentage of U.S. direct investment applied to petroleum varied from 6.7 per cent to 24.4 per cent, ending at 21.1 per cent in 1967. Book value rose from \$US 178 million in 1946 to \$US 3,819 million in 1967, an increase of 2,046 per cent in twenty-one years, or an average annual increase of 15.7 per cent. Net outflows of capital played a major part in expanding U.S. direct investment in petroleum, a larger part than in the other industrial groups.

Flows of new capital from the United States exceeded payments of income to the U.S. in most of the post-war years. From the end of 1946 to the end of 1967, an increase in the value of U.S. direct investment of \$US 3,641 million was accompanied by a net contribution to the Canadian balance of payments of \$US 2,093 million.

The percentage of U.S. direct investment applied to mining and smelting fluctuated between 9.3 per cent and 17.4 per cent, ending at 12.9 per cent in 1967. The value increased from \$US 463 million at the end of 1946 to \$US 2,337 million in 1967, an increase of 404.8 per cent. This was equivalent to an average annual growth of 8.0 per cent. Outflows of new capital from the U.S. contributed substantially to this growth.

From the end of 1946 to the end of 1967 direct investment in mining and smelting increased by \$US 1,874 million, while the contribution to the Canadian balance of payments was \$US 385 million.

## 1. INTRODUCTION

This study of U.S. direct investment in Canada as presented by U.S. balance of payments statistics was initiated to give Canadians a view of the situation as seen through U.S. eyes. The tables of basic data and the historical narrative do this. In addition, the data supplement Canadian statistics on the same subject in some respects.

Insofar as the U.S. data cover the same ground as Canadian data, a comparison of the two sets of figures is of interest. A parallel study of data from Canadian sources was carried out at the same time as this one, and a comparative analysis will follow. To facilitate comparative study later, the main statistical series are presented in both Canadian and U.S. dollars, although the text has been written in terms of U.S. dollars.

The conceptual framework on which the U.S. statistics were based is described in Chapter II. Chapter III traces the growth of U.S. direct investment in Canada, and presents an analysis of its overall implications. Chapter IV extends the analysis to selected industry groups.

Annex A presents the statistical tables on which this analysis is based. These tables have identifying numbers which fit into a general system for the publications of the Foreign Investment Division. All of the basic tables in this memorandum carry the four letters, CD-US as the first group in the identification. The first two letters, CD, indicate that the general subject is foreign investment in Canada. The next two letters, US, indicate that the investment comes from the United States.

The basic statistical material is given in the main tables, which are all in U.S. dollars. Detailed statements of the sources are appended to each of these tables. The main tables are identified by a five-digit reference, consisting of the letters CD-US and one figure.

Each main table has been converted into Canadian dollars. Annex B describes the method of conversion from U.S. to Canadian dollars, and states the rates used. The Canadian dollar tables are identified by the addition of the letter A to the five digits which identify the corresponding table in U.S. dollars. In some cases, additional tables have been based on the main tables. These tables are identified by the first five digits of the main table, followed by a letter other than A.

Annex C lists the U.S. sources which were used in the preparation of this report.

## II. DEFINITIONS AND CONCEPTS

The purpose of this chapter is to describe the concepts used by the U.S. Department of Commerce in the preparation of their data on U.S. direct investment in Canada. The description applies to material published up to October, 1968.

### Direct Investment Enterprise

The first step in the compilation of the statistics is the identification of direct investment enterprises. These are found where U.S. investors have direct or indirect control in the management of foreign concerns. They may be primary, secondary or tertiary allied foreign organizations.

The following types of concern make up the primary allied foreign organizations: -

1. Foreign corporations, the voting securities of which are owned to the extent of 25% or more either directly by the reporting U.S. company or indirectly through domestically affiliated firms, and non-incorporated foreign establishments in which there is an equivalent degree of U.S. ownership. If control is judged not to exist with 25% ownership, a firm will not be classified as a direct investment enterprise. Conversely, if control is felt to exist with less than 25% ownership, a firm will be so classified.<sup>1/</sup>
2. Foreign corporations, the voting stock of which is publicly held within the United States to an aggregate extent of 50% or more, the distribution being such that no one investor or group of affiliated investors owns as much as 25%.
3. Foreign branches of U.S. corporations.
4. Sole proprietorships, partnerships or real property (other than property held for the personal use of the owner) held abroad by residents of the United States.

Supplementary to investment in these primary allied foreign organizations, and included in direct investment statistics, are investments in secondary and tertiary allied foreign organizations.

Before 1957, secondary allied foreign organizations were defined to include all those foreign corporations where 50% or more of the voting stock was owned by a primary allied foreign organization. Branches of the primary

were treated as a part of the secondary organization as well. If primary ownership was less than 50%, these secondary organizations were represented as other assets and included with the primary investment.<sup>2/</sup>

Beginning with the 1957 foreign investment census, these secondary allied foreign organizations included those foreign enterprises in which "as much as 25% or more of the voting stock was owned indirectly by a U.S. parent". A branch of an allied primary foreign corporation in another industry or country was also treated as a secondary allied organization.<sup>3/</sup> This broadened definition of a secondary allied organization extended the cover of direct investment. It did not mean that figures on U.S. direct investment in Canada include holdings of the U.S. parent in third countries through its Canadian subsidiary. It did mean that holdings in Canada through a subsidiary in a third country would be included.

For the 1957 census, a new category was introduced, that of associated foreign enterprises. These were foreign enterprises in which there was direct U.S. ownership of from 10 to 25 per cent of the voting stock, or an analogous interest in the case of an unincorporated enterprise.<sup>4/</sup> Data for the associated foreign enterprises were added to those for allied foreign organizations when computing the total of foreign direct investment. This procedure was continued when making annual estimates from 1958 on.

#### Direct Investment

Once a foreign concern has been classified as one in which direct investment occurs, all private U.S. investments in that affiliate's securities (stocks or bonds) whether by the parent or other diversified U.S. sources, are defined as U.S. direct investments. At no time in the issues of the Survey of Current Business under review in this paper were U.S. investors in a U.S. direct investment enterprise described by the term "direct investors". In fact, in the published material no distinction is made between holdings by the controlling or parent organization and those of other U.S. residents. Where it is necessary for the purpose of describing concepts in this study, the controlling or parent organization will be referred to as the primary investor. The term "other U.S. investors" will be used for those investors not involved in the definition of control.

#### Exclusions from Direct Investment

Investments by certain individuals and relatively small business



enterprises are excluded from direct investment data. They include the following:

1. Individuals (but not business firms) whose aggregate foreign direct investment totalled less than \$25,000.
2. Foreign operations or properties of religious, charitable, or other non-profit organizations, except for those cases where the foreign investment was a business enterprise conducted for profit.
3. The foreign interests of corporations incorporated in the United States but owned in substantial part abroad, with no operations in the United States, are included only in proportion to the U.S. ownership of the U.S. parent organization. Where the foreign-owned or controlled U.S. corporation carries on business activities in the United States, foreign subsidiaries of that corporation are treated as U.S. direct investment abroad, i.e. the full investment of the U.S. parent company is included. <sup>5/</sup>

#### Value of Direct Investment

U.S. statistics on the value of direct investment are based on depreciated year-end figures taken from the ledgers of the foreign organizations of interest.

#### Annual Change in Value of Direct Investment

This consists of the excess of the value of direct investment at the end of one year over that for the end of the previous year. The change is influenced by, among other things, net capital outflows from U.S. sources; retained earnings of the foreign affiliate; capital flows between the affiliate and affiliates in third countries; and accounting adjustments for items such as the revaluation of foreign properties. An attempt made to reconcile the data for direct investment in Canada indicated that the accounting adjustments are substantial for some years.

#### Net Capital Outflows from the United States

Net capital outflows from the United States are gross outflows net of U.S. taxes to those foreign subsidiaries and branches for which after-tax outflows were reported, minus gross inflows net of host-country taxes from those foreign subsidiaries and branches for which inflows were reported.

Capital outflows from the United States are not restricted to movements originating with the U.S. parent. They include funds accruing to a

direct investment subsidiary from trading existing or new issues of stocks or bonds on U.S. capital markets; net flows from affiliates of the same parent located in the U.S.; funds obtained by the U.S. parent from the capital markets of other countries and destined for the foreign enterprise; and funds borrowed abroad by U.S. incorporated companies and transferred to foreign affiliates.

Inflows from foreign concerns result from liquidation, debt repayment and other factors which affect only intercompany accounts.

A special procedure is used in the case of foreign branches of U.S. concerns. These are assumed to return total earnings (branch profits) to their U.S. parent. As a result of this procedure, capital funds intended for reinvestment by such branches are, for statistical purposes, treated as if they had been sent to the U.S. in the form of income payments, and then returned to their source as a part of total net capital outflows for direct investment.

#### Earnings

Earnings represent the proportionate equity of U.S. holders of common stock in the net earnings of incorporated foreign direct investment enterprises, the net earnings of foreign branches, and the U.S. equity share in the net earnings of other unincorporated forms of direct investment enterprises; all after deduction of Canadian taxes on their income but before U.S. taxes. By net earnings is meant earnings after allowance for depreciation and amortization, but before allowance for depletion.

#### Reinvested Earnings

Reinvested or undistributed subsidiary earnings of U.S. direct investment enterprises represent the proportionate equity of U.S. owners of common stock in net earnings after Canadian taxes and after deducting applicable gross dividends. It should be noted that this concept is confined to incorporated enterprises, whereas the concept of "earnings" is based on enterprises whether incorporated or unincorporated.

#### Income

Payments of income to the U.S. investors in a U.S. direct investment concern are the sum of (a) dividends and interest net of foreign withholding taxes, and (b) branch profits, whether repatriated or not, after foreign taxes.

Income figures computed by companies differ from those entered in the balance of payments data under review due to the exclusion from the latter of unrealized gains or losses resulting from changes in foreign exchange rates. A further difference exists in the case of extractive industries because charges against income for depletion are not deducted when computing income figures for balance of payments purposes. <sup>6/</sup>

Dividends declared by a foreign subsidiary but blocked by exchange controls or not remitted for other reasons are included as imputed receipts of income.

#### Royalties and Management Fees

Royalties and management fees are payments originating with the Canadian direct investment enterprise and payable to the U.S. parent for technological and management services rendered.

#### Portfolio Investment

A portfolio investment is a long-term investment in items such as stocks, bonds and real estate which does not result in an important voice in the management of an enterprise but is held primarily as a source of income. Such investments exist when the concern into which they are being channelled is neither defined as an allied foreign organization at the time of the investment nor defined as such as a result of the investment.

#### Footnotes

- 1/ "U.S. Balance of Payments 1949-51", Survey of Current Business Supplements 1952-53, page 93.
- 2/ "Foreign Investments of the United States: Census of 1950", Survey of Current Business Supplements 1952-53, page 40.
- 3/ 4/ 5/ "Methodology", U.S. Business Investments in Foreign Countries, page 76.
- 6/ "U.S. Balance of Payments 1949-51", Survey of Current Business Supplements 1952-53, page 80.

### III. U.S. DIRECT INVESTMENT IN CANADA

#### Value of Direct Investment

Statistics on the value of U.S. direct investment in Canada were found in U.S. government publications for the years 1929, 1936, 1943 and annually from 1946 to 1967. The data are printed in Table CD-US1.

From 1929 to 1936, at a time of widespread economic depression, U.S. direct investment in Canada fell from \$US 2,010 million to \$US 1,952 million. By 1943 the decline had been made good, and investment was \$US 368 million above the 1929 level. By the end of 1946, there had been a further increase of \$US 285 million.

From 1947 on, the value of this U.S. investment increased each year to its 1967 level of \$US 18,069 million, a growth of \$US 15,406 million since December 31, 1946. This was equivalent to an annual growth rate of 9.5 per cent.

Table CD-US1B sets out the annual growth in value of U.S. direct investment in Canada for the years 1947 through 1967. This table is calculated from Table CD-US1.

Growth in the value of U.S. direct investment in Canada has shown wide fluctuations during this period, but has always been positive. From 1947 to 1956, the annual increase went up irregularly to \$US 1,034 million. From 1957 to 1964, the growth each year was less than one billion U.S. dollars, then from 1965 to 1967 the growth was greater than one billion U.S. dollars each year.

Table III-1 below gives the annual percentage growth of U.S. direct investment in Canada. The fastest period of growth was from 1951 to 1957, when the annual percentage increase was above average in each year. The slowest period of growth was in the early 1960's. In the mid-sixties were two years of above average growth, with a deceleration in 1967.

TABLE III-1

ANNUAL RATE OF GROWTH OF U.S. DIRECT INVESTMENT  
IN CANADA, 1947 TO 1967

Year	Rate of Growth (per cent)
1947	5.4
1948	10.3
1949	8.5
1950	6.5
1951	10.9
1952	16.9
1953	15.2
1954	13.0
1955	11.9
1956	15.3
1957	12.5
1958	8.0
1959	8.9
1960	8.4
1961	3.8
1962	4.6
1963	7.5
1964	6.2
1965	10.6
1966	11.0
1967	6.3

U.S. direct investment in Canada is only a part of total U.S. direct investment abroad. Table III-2 below shows the two series, together with the percentage relationship, from 1946 to 1967. Direct investment in Canada as a percentage of the total declined after the war from 30.1 per cent in 1946 to a low of 27.0 per cent in 1949. It then rose to 34.9 per cent in 1955, declined, then reached a post-war high of 35.1 per cent in 1960. After that date, the percentage declined fairly steadily to its 1967 level of 30.5 per cent. Canada received a particularly stable proportion of U.S. direct investment abroad during the period from 1954 to 1960, when it remained within the 34.3 to 35.1 per cent range.

TABLE III-2

U.S. DIRECT INVESTMENT IN CANADA AS A PERCENTAGE  
OF TOTAL U.S. DIRECT INVESTMENT ABROAD, 1946-1967

Year	Value of U.S. Direct Investment in Canada, Year-end	Total Value of U.S. Direct Investment Abroad, Year-end	Canadian Share
	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)
1946	2,663	8,854	30.1
1947	2,806	9,965	28.2
1948	3,096	11,206	27.6
1949	3,359	12,418	27.0
1950	3,579	11,788	30.4
1951	3,969	12,979	30.6
1952	4,641	14,721	31.5
1953	5,349	16,253	32.9
1954	6,043	17,631	34.3
1955	6,761	19,395	34.9
1956	7,795	22,505	34.6
1957	8,769	25,394	34.5
1958	9,470	27,409	34.6
1959	10,310	29,827	34.6
1960	11,179	31,815	35.1
1961	11,602	34,667	33.5
1962	12,133	37,226	32.6
1963	13,044	40,686	32.1
1964	13,855	44,430	31.2
1965	15,318	49,424	31.0
1966	16,999	54,711	31.1
1967	18,069	59,267	30.5

Net Capital Outflows

One major factor contributing to this growth in the value of U.S. investment in Canada has been the outflow of new capital from the U.S. to this country. While some investors have been putting new funds into Canada, others have been drawing out funds from old investment projects. The U.S. authorities do not publish information on the gross flows as such, but they do give data for the net capital outflows from the U.S., which consist of the excess of new funds leaving the U.S. over old funds being brought back. (See Chapter II for a detailed definition).

Table CD-US2 gives data on net capital outflows from the United States for direct investment in Canada during the period from 1946 to 1967. A breakdown by major industrial group is also given.

Over the period of study, net capital outflows from the U.S. have shown considerable fluctuations. Immediately following the war these flows were somewhat limited, averaging \$US 58 million from 1946 to 1948, partly as a result of exchange restrictions which existed in Canada at that time. With the turn into the 1950's U.S. interest in Canadian resource industries increased significantly and capital movements increased. Appreciably influenced by petroleum developments, these net capital outflows reached \$US 678 million in 1957. They then declined to \$US 298 million in 1964, in which year few capital additions were being made to the petroleum industry.

Substantial increases were again recorded in 1965 and 1966 when these flows reached \$US 962 million and \$US 1,135 million respectively. These flows were substantial for all four industrial groups. According to U.S. sources something like a fifth of the flows for these years can be traced to the Canada - U.S. auto agreement of January, 1965. As a result of this agreement, U.S. net capital outflows to the Canadian transportation equipment industry rose from the \$US 48 million recorded in 1964 to \$US 173 million in 1965 and \$US 246 million in 1966.

Total net capital outflows fell to \$US 392 million in 1967. In that year, inflows to the transportation equipment industry were replaced by a net outflow of \$US 73 million.

The resource industries were the major recipients of new U.S. funds for most of the period. As can be seen from Table CD-US2, for fourteen of the eighteen years up to and including 1963 net capital outflows from the U.S. into Canadian mining and smelting and into petroleum were over half of the total. For the period from 1947 to 1963 inclusive, \$US 5,893 million of new capital came in, of which \$US 3,600 million, or 61.1 per cent went to mining and smelting and to petroleum. From 1964 to 1966 inclusive, manufacturing and other industry predominated with \$US 1,723 million out of a total of \$US 2,395 million, or 71.9 per cent. In 1967, the resource industries predominated once more.

Table III-3 below shows net capital outflows from the U.S. and the annual change in the book value of U.S. investments in Canada from 1947 to 1967. Outflows are expressed as a percentage of annual change in value, but care should be taken when interpreting the percentage figures, for reasons outlined below.

TABLE III-3

NET CAPITAL OUTFLOWS FROM THE U.S. AND ANNUAL GROWTH  
IN THE VALUE OF U.S. DIRECT INVESTMENT IN CANADA 1947-1967

Year	Annual Change in Book Value	Net Capital Outflows	Column (2) as a Per Cent of Column (1)
	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)
1947	143	39	27.3
1948	290	88	30.3
1949	263	100	38.0
1950	220	287	130.4
1951	390	235	60.2
1952	672	430	64.0
1953	708	404	57.1
1954	694	408	58.8
1955	718	353	49.2
1956	1,034	601	58.1
1957	974	678	69.6
1958	701	421	60.1
1959	840	417	49.6
1960	869	451	51.9
1961	423	302	71.4
1962	531	314	59.1
1963	911	365	40.1
1964	811	298	36.7
1965	1,463	962	65.8
1966	1,681	1,135	67.5
1967	1,070	392	36.6

There were large fluctuations in the percentage. One reason for this is that another major contributory factor, retained earnings, is also subject to major fluctuations. Another is that the annual change in book value is affected by accounting adjustments, and also by changes in the rate of exchange insofar as the statisticians have incorporated values in Canadian dollars in their basic accounts. Yet another reason is that changes in the value of investment are affected by capital movements between affiliates in the host country and third countries, whereas net capital outflows relate solely to transactions between the host country and the U.S. The percentage for 1950 appears to be a statistical anomaly. It coincides with a new census in that year.



Too much stress should not be put on any individual percentage figure for the contribution of net capital movements to the growth in total U.S. investment, but over the period the data clearly indicate that net flows of new capital do not dominate the growth picture, and may at times be a minor component.

New capital funds can be applied either to direct investment in new developments, or to the expansion of an existing direct investment enterprise, or to investment in an existing enterprise not previously in the direct investment category. The publications under review indicate that new U.S. funds were in fact applied both to starting new ventures and to expanding old ones.

#### Earnings

The earnings of U.S. direct investment in Canada for the years 1946 through 1967 are tabulated in Table CD-US3. These figures represent the potential returns accruing to U.S. equity investors. A breakdown by major industrial groups is given.

Earnings on U.S. direct investment have shown a general upward trend over the period of study. In only one case, 1957 and 1958, was there a decline for more than one year. During this period of economic recession in Canada, earnings fell from \$US 745 million in 1956 to \$US 653 million in 1957 and subsequently to \$US 569 million in 1958. Since then, earnings have improved each year, reaching \$US 1,327 million in 1967. This represents an increase of \$US 1,117 million over that recorded in 1946, or an increase of 531.9 per cent in 21 years.

In order to gain some idea of the profitability of U.S. direct investment in Canada, a rate of return was established by relating earnings recorded in a given year to book value as of December 31 of the previous year. Table III-4 below outlines the figures used and the results obtained. These rates are repeated in Table CD-US3B, with a breakdown by major industrial groups.

TABLE III-4

RATE OF RETURN ON U.S. DIRECT INVESTMENT  
IN CANADA, 1947-1967

Year	Total Earnings	Total Book Value at 31 December of previous year	Rate of Return
	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)
1947	298	2,663	11.2
1948	395	2,806	14.1
1949	393	3,096	12.7
1950	445	3,359	13.2
1951	420	3,579	11.7
1952	459	3,969	11.6
1953	502	4,641	10.8
1954	488	5,349	9.1
1955	617	6,043	10.2
1956	745	6,761	11.0
1957	653	7,795	8.4
1958	569	8,769	6.5
1959	713	9,470	7.5
1960	718	10,310	7.0
1961	726	11,179	6.5
1962	825	11,602	7.1
1963	948	12,133	7.8
1964	1,106	13,044	8.5
1965	1,209	13,855	8.7
1966	1,237	15,318	8.1
1967	1,327	16,999	7.8

When interpreting these percentages, it is important to keep in mind some influences, both definitional and otherwise, which may affect them.

Firstly, earnings are based on U.S. equity ownership, but value statistics contain a non-equity as well as an equity element. This fact is of varying importance in different years. Secondly, value figures also take account of net participation in Canadian ownership by affiliates of third countries, but earnings data do not include earnings accruing to such affiliates. This factor is believed to be of minor importance. Both of these factors give a downward bias to the percentages.

A third consideration is that when natural resources are depleted, the value of investment is reduced accordingly, but no corresponding deduction is made from earnings data. This factor gives an upward bias to the percentages.

Apart from the statistical bias, the effect of changes in tax rates should be borne in mind.

The increase in 1951 of the Canadian rate of corporation tax was accompanied by a reduction in the rate of return on U.S. direct investment in Canada in that year.

The repercussions of proposed changes in the U.S. corporate tax rate, such as the 1964 reduction, are less readily identified, but the expectation of this reduction is believed to have increased the amount of subsidiary earnings held undistributed in 1963. If so, it will have left the value of U.S. direct investment in Canada higher than it would otherwise have been.

It is clear that rates of return have been lower in the second part of the period covered than in the first. In particular, from 1957 on, the rate has been below any rate recorded from 1947 to 1956.

It has already been noted that, for the growth of direct investment itself, the highest rates were also observed during the first decade.

#### Undistributed Subsidiary Earnings

Of the earnings of United States subsidiaries, a substantial proportion has been retained for investment in Canada. Undistributed earnings for the period from 1946 to 1967 are given in Table CD-US4. They consist of accrued earnings less gross dividends declared. A breakdown by major industrial group is given.

Undistributed earnings of incorporated subsidiaries increased over the period under review, with fluctuations. The bulk of them were retained in the manufacturing industries.

The percentage of total subsidiary earnings which was retained cannot be computed from the published data. Table III-5 below relates the retained earnings of incorporated subsidiaries to the earnings of all affiliates, whether incorporated or unincorporated. The percentages therefore have a downward bias, as an expression of percentage of earnings retained. This bias will vary from year to year, depending on changes in the proportion of total earnings which are attributable to those unincorporated enterprises covered by the data on earnings.

The only years for which an indication of the possible extent of this bias can be obtained are the census years 1950 and 1957. In 1950,

common and preferred dividends made up 91.1 per cent of income payments. In 1957, they made up 77.6 per cent. Branch profits made up 3.9 per cent of income payments in 1950, and 10.0 per cent in 1957. The remaining 5.0 per cent in 1950 and 14.6 per cent in 1957 consisted of interest payments, but whether these were in respect of incorporated or unincorporated subsidiaries is not published. It seems reasonable to assume that they were predominantly from incorporated subsidiaries. It is true that income payments have a different statistical base from earnings, but these facts do indicate that unincorporated enterprises provide a share of earnings which is variable, and reasonably small.

The general indications are thus that earnings of unincorporated enterprises are not great enough to invalidate the percentages in Table III-5 for analytical purposes, but that these data should be handled with caution.

TABLE III-5

U.S. EARNINGS FROM DIRECT INVESTMENT IN CANADA AND  
UNDISTRIBUTED EARNINGS OF INCORPORATED SUBSIDIARIES,  
1946 to 1967

Year	Earnings from Direct Investment	Undistributed Earnings of Incorporated Subsidiaries	Column (2) as Per Cent of Column (1)
	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)
1946	210	98	46.7
1947	298	131	44.0
1948	395	213	53.9
1949	393	144	36.6
1950	445	146	32.8
1951	420	181	43.1
1952	459	239	52.1
1953	502	301	60.0
1954	488	274	56.1
1955	617	342	55.4
1956	745	441	59.2
1957	653	357	54.7
1958	569	279	49.0
1959	713	393	55.1
1960	718	389	54.2
1961	726	284 <sup>p</sup>	39.1
1962	825	368 <sup>p</sup>	44.6
1963	948	528 <sup>p</sup>	55.7
1964	1,106	498 <sup>p</sup>	45.0
1965	1,209	540 <sup>p</sup>	44.7
1966	1,237	539 <sup>p</sup>	43.6
1967	1,327	644 <sup>p</sup>	48.5

P Preliminary estimate

The percentages of earnings retained ranged between 32 and 60 per cent, before allowing for the downward bias in the figures. More than half of the earnings were retained in the early and middle 1950's, a period when the growth of U.S. investment was at its highest rate. The proportion retained in the 1960's was, in general, lower than that retained in the previous decade.

Undistributed earnings made a significant contribution to the growth of U.S. investment. Table III-6 below expresses them as a percentage of the increase in the book value of investment for each year.

TABLE III-6

ANNUAL GROWTH OF U.S. DIRECT INVESTMENT IN CANADA  
AND UNDISTRIBUTED EARNINGS OF INCORPORATED SUBSIDIARIES,  
1947 to 1967

Year	Growth of U.S. Direct Investment in Canada	Undistributed Earnings of Incorporated Subsidiaries	Column (2) as Per Cent of Column (1)
	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)
1947	143	131	91.6
1948	290	213	73.4
1949	263	144	54.8
1950	220	146	66.4
1951	390	181	46.4
1952	672	239	35.6
1953	708	301	42.5
1954	694	274	39.5
1955	718	342	47.6
1956	1,034	441	42.6
1957	974	357	36.7
1958	701	279	39.8
1959	840	393	46.8
1960	869	389	44.8
1961	423	284 <sup>P</sup>	67.1
1962	531	368 <sup>P</sup>	69.3
1963	911	528 <sup>P</sup>	58.0
1964	811	498 <sup>P</sup>	61.4
1965	1,463	540 <sup>P</sup>	36.9
1966	1,681	539 <sup>P</sup>	32.1
1967	1,070	644 <sup>P</sup>	60.2

<sup>P</sup> Preliminary estimate

When interpreting Table III-6, it should be remembered that the totals in it cannot be added to those in Table III-3, since undistributed earnings and net capital outflows are not the only factors which affect the increase in book value. Various accounting adjustments affect the annual change in value among other things.

Value statistics on U.S. direct investment in Canada correctly reflect the running down of natural assets in that allowances made against income for depletion are deducted. Earnings statistics include proceeds from running down natural assets as a current item. Monies coming in which are due to depletion are included with current earnings, and no deduction is made for depletion. As a result, the ratio of undistributed subsidiary earnings to the annual increase in value is biased upwards as an expansion of contribution to growth from current flows.

Because of these various considerations, the precise significance of the percentage relationship for any particular year cannot be established from the published data. The safest conclusion to be drawn from Table III-6 is that the U.S. data indicate that retained earnings made a substantial contribution to the growth of U.S. direct investment in Canada, the significance of which varied considerably from year to year.

#### Payment of Income

Data on payments of income to the United States from U.S. direct investment in Canada from 1946 to 1967 are presented in Table CD-US5. A breakdown by major industrial groups is given.

Income payments rose from \$US 148 million in 1946 to a two-year peak of \$US 295 million in 1949 and \$US 294 million in 1950, then fell to \$US 208 million in 1953. Since then, the upward trend has been pronounced except for two minor setbacks. The 1967 total of \$US 790 million represented an increase of \$US 642 million, or 434 per cent, over the level of 1946.

The figures for income payments cannot be added to those for undistributed earnings to make a total for total earnings because:

- (a) (i) Withholding tax is deducted before calculating income payments.
- (ii) Withholding tax is not deducted when calculating earnings and undistributed earnings.
- (b) (i) Income payments include interest and preferred dividends on non-voting stock.
- (ii) Earnings do not include interest.

The fact that earnings retained by branches are included in data for income payments does not invalidate the comparison because total branch earnings are included in (income payments + undistributed earnings) as well as in earnings statistics.

The income payments described above have a bearing on Canada's international accounts. Another variable already discussed also has a bearing on them. It consists of net capital outflows from the U.S. Comparing the annual totals of these flows for the period from 1946 to 1967 yields the annual implications for the Canadian balance of payments of this U.S. direct investment. Table III-7 below illustrates this effect. It also repeats the annual percentage rate of growth of U.S. direct investment in Canada, given earlier in Table III-1.

TABLE III-7

CANADIAN BALANCE OF PAYMENTS AND SELECTED CONCEPTS  
RELATED TO U.S. DIRECT INVESTMENT, 1946-1967

Year	Net Capital Outflows from the U.S. to Canada	Payments of Income	Contribution to the Canadian Balance of Payments (1) - (2)	Percentage Increase in Value of U.S. Direct Investment
	(millions of U.S. dollars)	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)	(4)
1946	47	148	-101	n.a.
1947	39	203	-164	5.4
1948	88	223	-135	10.3
1949	100	295	-195	8.5
1950	287	294	-7	6.5
1951	235	236	-1	10.9
1952	430	223	207	16.9
1953	404	208	196	15.2
1954	408	238	170	13.0
1955	353	293	60	11.9
1956	601	326	275	15.3
1957	678	335	343	12.5
1958	421	315	106	8.0
1959	417	345	72	8.9
1960	451	361	90	8.4
1961	302	464	-162	3.8
1962	314	476	-162	4.6
1963	365	455	-90	7.5
1964	298	634	-336	6.2
1965	962	703	259	10.6
1966	1,135	756	379	11.0
1967	392	790	-398	6.3

For each of the first six years after the Second World War, payments of income by Canada exceeded net flows of capital to Canada, so the net effect on the balance of payments was negative. The first year in which capital outflows from the U.S. exceeded income payments was 1952. This was also the year in which the percentage growth of U.S. investment, at 16.9 per cent, reached its post-war maximum. The positive effect on the balance of payments continued each year through 1960. In 1961, the growth rate of U.S. direct investment dropped to 3.8 per cent, its post-war low, and the balance of payments effect became negative. It remained negative until 1965, when an increase in the growth rate of direct investment to 10.6 per cent coincided with the crossover to a positive effect. In general, positive effects on the balance of payments were concurrent with high rates of growth in the value of U.S. direct investment, and lower rates of growth were concurrent with negative effects on the balance of payments. The lowest growth rate observed concurrently with a positive effect on the balance of payments was 8.0 per cent in 1958. The highest growth rate observed concurrently with a negative effect on the balance of payments was 10.9 per cent in 1951.

It would appear that, unless the value of U.S. investment is to keep on increasing fast indefinitely, the balance of payments effect will settle down to be steadily negative in due course. Of course, even a high rate of growth in U.S. investment would not stop the balance of payments effect from being negative if it were to be financed exclusively or predominantly from domestic sources.

Table III-8 cumulates the quantitative data in Table III-7 and shows that, over the period of study, the cumulated contribution to the balance of payments was \$US 406 million.



TABLE III-8

CANADIAN BALANCE OF PAYMENTS, NET CAPITAL OUTFLOWS  
FROM THE U.S. TO CANADA, AND PAYMENTS OF INCOME TO  
THE U.S., CUMULATIVE DATA, 1946-1967

(millions of U.S. dollars)

Year	Cumulative Net Capital Outflows from the U.S. to Canada	Cumulative Payments of Income	Cumulative Contribution to the Canadian Balance of Payments (1) - (2)
	(1)	(2)	(3)
1946	47	148	-101
1947	86	351	-265
1948	174	574	-400
1949	274	869	-595
1950	561	1,163	-602
1951	796	1,399	-603
1952	1,226	1,622	-396
1953	1,630	1,830	-200
1954	2,038	2,068	-30
1955	2,391	2,361	30
1956	2,992	2,687	305
1957	3,670	3,022	648
1958	4,091	3,337	754
1959	4,508	3,682	826
1960	4,959	4,043	916
1961	5,261	4,507	754
1962	5,575	4,983	592
1963	5,940	5,438	502
1964	6,238	6,072	166
1965	7,200	6,775	425
1966	8,335	7,531	804
1967	8,727	8,321	406

At the end of 1946, the value of U.S. direct investment in Canada was \$US 2,663 million. At the end of 1967, it was \$US 18,069 million, a rise of \$US 15,406 million in twenty-one years. Over the same twenty-one years, the cumulative contribution to the Canadian balance of payments was \$US 507 million. Thus, the increase in the value of U.S. direct investment in Canada exceeded the net contribution of direct investment to the Canadian balance of payments by almost \$US 15 billion.

Payments for Fees and Royalties

Income payments are not the only flows of money out of Canada which result from foreign direct investment, although they are the ones which are most clearly attributable to the fact that the direct investment exists. Payments by direct investment enterprises to their foreign parents for fees and royalties also cause a drain on the balance of payments. In some cases of course, similar payments to the same foreign corporations would occur if the Canadian establishments were Canadian-controlled.

Table CD-US6 shows payments of fees and royalties by U.S. affiliates in Canada to their parent firms in the U.S. for the years 1950, 1957 and annually from 1961 to 1967. A breakdown by major industrial group is given.

These payments were \$US 24 million in 1950, \$US 60 million in 1957 and \$US 102 million in 1961. Since then, they have increased each year, reaching \$US 243 million in 1967. From 1961 to 1967 inclusive, these payments have cost Canada \$US 1,155 million on her balance of payments account with the U.S.

Table III-9 below presents the cumulative effect on the Canadian balance of payments from 1961 to 1967 of net capital outflows from the U.S., payments of income to the U.S., and payments for fees and royalties.

TABLE III-9

EFFECTS ON CANADIAN BALANCE OF PAYMENTS OF CAPITAL OUTFLOWS FROM THE U.S., AND OF PAYMENTS OF INCOME, FEES AND ROYALTIES, CUMULATIVE DATA, 1961-1967

(millions of U.S. dollars)

Year	Net Capital Outflows From U.S.	Payments of Income to U.S.	Contribution to Canadian Balance of Payments (1) - (2)	Payments to U.S. for Fees and Royalties	Total Payments to U.S. (2)+(4)	Contribution to Canadian Balance of Payments (1) - (5)
	(1)	(2)	(3)	(4)	(5)	(6)
1961	302	464	-162	102	566	-264
1962	616	940	-324	216	1,156	-540
1963	981	1,395	-414	350	1,745	-764
1964	1,279	2,029	-750	512	2,541	-1,262
1965	2,241	2,732	-491	697	3,429	-1,188
1966	3,376	3,488	-112	912	4,400	-1,024
1967	3,768	4,278	-510	1,155 <sup>P</sup>	5,433 <sup>P</sup>	-1,665 <sup>P</sup>

P Preliminary

For this particular period, the cumulative balance of payments effect of capital flows and income payments has been negative throughout, with a total adverse effect over the seven years of over half a billion U.S. dollars. When payments for fees and royalties are added in, the adverse effect becomes over \$US 1.6 billion.

At the end of 1960, the value of U.S. direct investment in Canada was \$US 11,179 million. At the end of 1967, it was \$US 18,069 million. This increase of \$US 6,890 million occurred over a period when there was an adverse balance of payments effect of \$US 510 million when income payments alone are considered on the debit side, and an adverse effect of \$US 1,665 million when payments for fees and royalties are also included.

Clearly, it is not necessarily always true to say that U.S. direct investment in Canada has a favourable effect on Canada's balance of payments with the United States. It all depends on the definition of a favourable effect.

#### IV. U.S. DIRECT INVESTMENT IN CANADA BY INDUSTRY GROUP

In order to provide an extensive account of U.S. direct investment in Canada it is necessary to look at developments particular to the various industrial groupings. Those included in this study are mining and smelting, petroleum, manufacturing, and other industry.

Introductory comments to the 1950 and 1957 U.S. surveys of business investments in foreign countries indicate that the composition of these groups has remained stable over time. All activities of petroleum companies (production, refining, marketing, and water and pipeline transportation) are included under the one heading, petroleum. Smelting and refining operations conducted in connection with mining endeavours are included under mining and smelting, because separate figures were not available for the manufacturing operations undertaken by mining companies. <sup>1/</sup> The manufacturing sector is made up of those manufacturing industries which are not included in petroleum, or in mining and smelting. The category of other industry is the residual element.

The manufacturing group predominated throughout the period, as can be seen from Table CD-US1C. After the Second World War, the percentage of U.S. direct investment in Canada which was invested in manufacturing ranged from a low of 43.2 to a high of 53.0, according to the U.S. sources. From 45.1 per cent in 1946, it rose to a percentage peak of 53.0 in 1950, then the percentage fell to 44.0 in 1958, after which it fluctuated. All of the post-war percentages were higher than the pre-war percentages recorded.

The proportion of U.S. direct investment in Canada which was applied to petroleum increased rapidly after the Second World War, growing steadily from 6.7 per cent in 1946 to 24.2 per cent in 1958. After a brief decline, the post-war peak percentage of 24.4 per cent was reached in 1961. From 1964 on, the percentage has declined, being down to 21.1 per cent in 1967.

The percentage of U.S. direct investment in Canada devoted to mining and smelting has fluctuated widely. The post-war peak percentage was 17.4 per cent in 1946. It declined to 9.3 per cent in 1950, rose to 13.6 per cent in 1954, then fell to 9.8 per cent in 1957. After further fluctuations, it ended the period on a rising trend in the 12 per cent range.

These varying percentages were observed within a total involvement which grew in each of the post-war years. The dollar values for the individual industrial groups are considered in the sections of the text which follow.

Manufacturing:

The value of U.S. direct investment in Canadian manufacturing industries increased from \$US 1,202 million in 1946 to \$US 8,083 million in 1967, an increase of 572.5 per cent. This was equivalent to an average annual growth rate of 9.5 per cent.

Table CD-US1 shows that the value of U.S. direct investment in Canadian manufacturing increased each year after the Second World War. Table CD-US1B shows that the value of the annual increase varied a good deal from year to year. From 1952 on, it was always more than \$US 200 million. It was above \$US 400 million in 1956, 1959 and from 1963 to 1967.

The annual percentage rate of growth from 1947 to 1967 is shown in Table IV-1 below. It ranged from 15.5 per cent to 4.6 per cent, and in general lower rates were observed in the second half of the period than in the first.

TABLE IV-1

ANNUAL RATE OF GROWTH OF U.S. DIRECT INVESTMENT IN  
MANUFACTURING IN CANADA, 1947 TO 1967

Year	Rate of Growth
	(per cent)
1947	10.5
1948	15.4
1949	7.2
1950	15.5
1951	5.9
1952	14.6
1953	10.3
1954	9.3
1955	11.4
1956	14.0
1957	11.3
1958	6.1
1959	9.6
1960	5.7
1961	5.2
1962	4.6
1963	8.4
1964	7.6
1965	10.9
1966	11.7
1967	5.3

Net capital outflows from the U.S. were one of the factors which contributed to this growth in U.S. direct investment in manufacturing. Table CD-US2 indicates that, over the period of study, net capital outflows have shown sharp fluctuations, varying between minus \$US 9 million in 1946 and \$US 549 million in 1966. Where the total is more than \$US 100 million it generally indicates that new initiatives are being undertaken or existing ones significantly expanded. A high proportion of growth appears to have been financed through undistributed subsidiary earnings. The U.S. Survey of Current Business pays particular attention to the net capital outflows of the 1950's and those which occurred in 1965 and 1966.

In 1952 this variable reached \$US 135 million. According to U.S. sources, this was due to the financial requirements of hydro-electric power projects and other facilities which were needed for developing aluminum capacity, as well as to developments in the chemical, paper and machinery industries. These flows were reduced considerably in 1953 to \$US 45 million as the financing of the initial stages of aluminum processing was completed. They remained low until 1956 when net capital outflows reached \$US 149 million as the same industries in which new capital investments had been high in 1952 received additional capital outflows from U.S. investors. These net capital movements continued at a high level in 1957, reaching \$US 184 million as large outlays were made by a few pulp and paper companies.

The significant growth of direct investment in the paper, chemical, and primary metal industries was temporarily slowed in 1958 as a certain amount of excess capacity began to prevail at the same time that the Canadian economy encountered an economic downturn. However, with the upturn in economic activity in 1959, these flows returned to the heights characteristic of the 1956-57 period, reaching \$US 146 million.

Thus, the chemical, primary metal, and paper industries were the main destinations for these large net capital outflows which did occur during the 1950's. The interest shown in these developments made them the three leading groups in terms of value of U.S. direct investment in Canadian manufacturing. Of the three, chemicals made the greatest advances, the value of U.S. direct investment in this industry moving from \$US 198 million in 1950 to \$US 817 million in 1960.

U.S. direct investment in manufacturing in recent years has been substantially influenced by the Canada-U.S. auto agreement of January, 1965, according to the U.S. Department of Commerce. A substantial portion of the large net capital outflows recorded in 1965 and 1966 is attributed to the signing of this agreement. Total outflows to manufacturing were \$US 395 million in 1965 and \$US 549 million in 1966. Outflows to the Canadian transportation equipment industry climbed from \$US 48 million in 1964 to \$US 173 million in 1965 and \$US 246 million in 1966 as a result of this agreement. In addition, net capital outflows to the Canadian paper industry doubled to \$US 126 million in 1966 from the previous year's level of \$US 62 million.

It is interesting to note that while net capital outflows to the transportation equipment industry averaged better than \$US 200 million in 1965-66, a net capital outflow of minus \$US 73 million (net inflow to the U.S. of \$US 73 million) was recorded from this industry in 1967. According to U.S. sources, the settlement of an anti-trust case in the food products industry required the liquidation of a U.S. owned Canadian outlet and resulted in a further inflow to the U.S. of \$US 33 million in 1967. These two factors were thus mainly responsible for the low net capital outflow figure of \$US 25 million recorded for manufacturing in 1967. In response to these developments, the annual growth of U.S. direct investment in Canadian manufacturing that year fell to \$US 408 million, its lowest level since 1962.

Table IV-2 below shows the annual growth in the value of U.S. direct investment in Canadian manufacturing and the annual net capital outflow from the U.S. to Canadian manufacturing from 1947 to 1967. The difficulties of establishing a relationship between these variables, because of problems of definition, are outlined in the remarks on Table III-3 in Chapter III. As a result, the relationship expressed in column (3) is difficult to analyse for any particular year. However, it appears safe to say that net capital outflows have usually played a minor role in the growth of U.S. direct investment in manufacturing. Whatever the role may have been, it seems to have varied considerably from year to year.

TABLE IV-2

NET CAPITAL OUTFLOWS FROM THE U.S. TO CANADIAN MANUFACTURING  
AND ANNUAL GROWTH IN VALUE OF U.S. DIRECT INVESTMENT IN  
CANADIAN MANUFACTURING, 1947 TO 1967

Year	Annual Growth in Value	Net Capital Outflows From the U.S.	Column (2) as Percentage of Column (1)
	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)
1947	126	13	10.3
1948	204	43	21.1
1949	110	7	6.4
1950	255	88	34.5
1951	112	39	34.8
1952	294	135	45.9
1953	237	45	19.0
1954	237	73	30.8
1955	316	84	26.6
1956	433	149	34.4
1957	398	184	46.2
1958	240	72	30.0
1959	401	146	36.4
1960	262	29	11.1
1961	249	117	47.0
1962	236	12	5.1
1963	449	120	26.7
1964	437	140	32.0
1965	674	395	58.6
1966	803	549	68.4
1967	408	25	6.1

The data for undistributed subsidiary earnings given in Table CD-US4 appear to indicate that undistributed subsidiary earnings played a larger role in the increase of manufacturing investments than did net capital outlays. In only four years were net capital outflows greater than undistributed subsidiary earnings, 1950, 1957, 1965 and 1966. In most years, undistributed subsidiary earnings were substantially greater than net capital outflows to Canada. No detailed comparison is possible, because of the conceptual differences already discussed in Chapters II and III.

The earnings from direct investment in manufacturing are given in Table CD-US3. They were substantial throughout the period, and increased with a fluctuating trend from \$US 133 million in 1946 to \$US 613 million in 1967.



Rates of return are given in Table CD-US3B. Returns to investment in this industry group were high, and were above the overall rates for direct investment in every year, although almost down to average by 1967. From 1947 to 1956, rates of return ranged from 21.0 per cent down to 11.7 per cent. After that, they never rose as high as 11.7 per cent again. From 1957 to 1967, they ranged from 10.5 per cent down to 7.5 per cent. During the last four years of the period, mining and smelting overtook manufacturing and became the most profitable industrial group.

Out of earnings, some were retained for use in the business. Table CD-US4 gives the data for undistributed subsidiary earnings, but a direct comparison with total earnings is not possible, for reasons outlined in Chapter III. It is, however, clear that a substantial proportion of earnings was retained.

Income payments from this sector are given in Table CD-US5. In general, they have kept pace with earnings, increasing irregularly from \$US 80 million in 1946 to a peak of \$US 354 million in 1966 then down to \$US 296 million in 1967. As a percentage of earnings data they stayed within the 32 to 71 per cent range.

U.S. sources attribute some of the variations in income payments to the following reasons. The thirty per cent increase in Canadian corporate income tax rates in 1951 had their impact as income payments fell by \$US 47 million from \$US 211 million in 1950 to \$US 164 million in 1951. The developments in the primary metal industry noted above caused an increase in undistributed subsidiary earnings in 1952, with the result that income payments fell by a further \$US 25 million. After establishing a certain degree of payment stability in the 1957-62 period, some companies responded to the reduction in U.S. corporate income tax rates which was expected in 1964 by postponing 1963 income payments. As a result, income payments in 1963 fell by \$US 29 million to \$US 192 million.

Naturally, flows of capital from the U.S. and payments of income to investors there affected the Canadian balance of payments. Table IV-3 illustrates this, and also repeats the figures for annual growth in the value of direct investment which were given previously in Table IV-1.

TABLE IV-3

EFFECTS ON CANADIAN BALANCE OF PAYMENTS OF TRANSACTIONS  
RELATED TO U.S. DIRECT INVESTMENT IN THE CANADIAN  
MANUFACTURING INDUSTRY, 1946-1967

Year	Net Capital Outflows From the U.S.	Payments of Income to the U.S.	Contribution to the Canadian Balance of Pay- ments (1)-(2)	Annual Rate of Growth of Direct Investment (per cent)
	(millions of U.S. dollars)	(millions of U.S. dollars)	(millions of U.S. dollars)	
	(1)	(2)	(3)	(4)
1946	-9	80	-89	n.a.
1947	13	106	-93	10.5
1948	43	123	-80	15.4
1949	7	179	-172	7.2
1950	88	211	-123	15.5
1951	39	164	-125	5.9
1952	135	139	-4	14.6
1953	45	146	-101	10.3
1954	73	138	-65	9.3
1955	84	170	-86	11.4
1956	149	130	19	14.0
1957	184	171	13	11.3
1958	72	188	-116	6.1
1959	146	206	-60	9.6
1960	29	176	-147	5.7
1961	117	213	-96	5.2
1962	12	221	-209	4.6
1963	120	192	-72	8.4
1964	140	269	-129	7.6
1965	395	315	80	10.9
1966	549	354	195	11.7
1967	25	296	-271	5.3

Payments of income to U.S. investors exceeded net capital flows from the U.S. in all of the years covered except four. The overall excess of income payments by Canadians over capital received by Canadians from 1946 through 1967 was \$US 1,731 million. Of the four years in which positive contributions were made to the balance of payments, two years, 1956 and 1957, provided minor contributions. The substantial contributions of 1965 and 1966 were aided by large capital flows to the transportation equipment industry attributed to the automobile agreement. Against this, the large negative effect in 1967 was also contributed to by net capital withdrawals from the transportation equipment industry.

Negative effects on the balance of payments were observed even in many years of high growth rates for the value of direct investment. No favourable effect was observed with a growth rate of less than 10 per cent, but adverse effects were still observed with growth rates as high as 14.6 per cent in 1952, 15.4 per cent in 1948 and 15.5 per cent in 1950. The 15.5 per cent growth recorded in 1950 may contain some element of statistical adjustment, as there was a census in that year. Also, the change in value of investment during that year may have been affected by changes in the rate of foreign exchange, as may the change in 1952.

At the end of 1946, the value of U.S. direct investment in Canadian manufacturing was \$US 1,202 million. By the end of 1967, it had risen to \$US 8,083 million, an increase of \$US 6,881 million. During the same period of twenty-one years, payments of income from Canadian manufacturing to U.S. investors exceeded net capital outflows from the U.S. to Canadian manufacturing by \$US 1,642 million.

Thus, an increase in the value of U.S. direct investment in manufacturing of \$US 6,881 million was associated with an adverse effect on Canada's balance of payments of \$US 1,642 million.

#### Petroleum

As Table CD-US1 illustrates, U.S. direct investment in the Canadian petroleum industry has increased substantially in the post-war period, particularly since 1950.

Immediately after the war these investments were \$US 178 million. They increased each year until 1967, when they were valued at \$US 3,819 million, an increase of \$US 3,641 million over 1946. This was an increase of 2,046 per cent in 21 years, or an average annual increase of 15.7 per cent.

The net annual change is given in Table CD-US1B. Increases of over \$US 200 million occurred each year from 1953 to 1958, in 1963, and in 1966 and 1967.

The annual percentage change is given in Table IV-4 below. The year of fastest growth was 1951, at 34.7 per cent. From 1948 to 1956, the rate of growth never dropped below 18.5 per cent. From the 1956 rate of 27.4 per cent, growth rates dropped to 7.6 per cent in 1959. From then on, they did not rise above 9 per cent. Growth of 2 per cent or less was observed in two years.

TABLE IV-4

ANNUAL RATE OF GROWTH OF U.S. DIRECT INVESTMENT  
IN PETROLEUM, IN CANADA, 1947 TO 1967

Year	Rate of Growth (per cent)
1947	16.8
1948	31.7
1949	27.4
1950	19.8
1951	34.7
1952	27.7
1953	30.9
1954	23.8
1955	18.5
1956	27.4
1957	14.6
1958	13.7
1959	7.6
1960	8.0
1961	6.2
1962	1.7
1963	9.0
1964	2.0
1965	5.0
1966	7.5
1967	5.8

Net capital outflows for direct investment in petroleum were substantial during most of the post-war years, as can be seen from Table CD-US2. The highest sums were sent to Canada in the mid-fifties. As will be seen later, these outflows were the major source of funds for financing the rapid growth of direct investment in this sector. One reason is that, according to U.S. sources, the substantial sums needed to undertake new commitments and expand existing ones could in many cases be best obtained from the U.S. parent. Another reason may arise from the statistical definitions used in the U.S. when handling the operations of branch plants for balance of payments purposes. All of the profits of branches are assumed to be returned to the U.S. Retained profits therefore appear both as income paid and as a

balancing outward flow of new funds. The high proportion of branches present in this industry, especially in the earlier years covered, would thus give an upward bias to the data for outflows of funds from the U.S.

With the initial interest shown in 1950 and the subsequent developments in Western Canada, net capital outflows to the petroleum industry picked up considerably in comparison to what they had been in the 1946-49 period. In 1956 these flows reached a post war peak of \$US 302 million, an event the U.S. Department of Commerce attributes to new pipeline expenditures and the takeover of a British subsidiary by U.S. interests. Since that date, the sums going to the petroleum industry have tapered off somewhat, a development attributed to marketing difficulties and to the completion of major phases of development. The acquisition of additional Canadian interests in 1962 caused a larger flow. In 1964 these capital outflows fell to \$US 25 million, their lowest level since U.S. enthusiasm had been aroused in the early 1950's.

Table IV-5 below presents the data for the annual change in value of U.S. investment in petroleum in Canada and for net capital outflows from the U.S. When interpreting the relationships between these concepts, the qualification outlined in Chapter III when dealing with Table III-3 should be borne in mind.

The figures for net capital outflows exceeded the figures for the annual increase in investment for several years in the period, being more than three times the increase on one occasion. It is difficult to assess the precise significance of column (3) of Table IV-5, but it does seem safe to say that net outflows of capital from the U.S. played a major part in expanding U.S. investment in petroleum and that they played a larger part than they did in the case of the other industrial groups.

The earnings accruing to U.S. direct investment in this industry group established an irregular pattern over the period of study, as can be seen from Table CD-US3. Up to 1957 these returns varied considerably, and reached two isolated high values of \$US 91 million in 1956 and \$US 112 million in 1957. They dropped to \$US 57 million in 1958, and after that increased each year to the end of the period, at \$US 207 million. Low values from 1950 to 1954 are believed to have been influenced by charging off exploratory expenses against revenue.

TABLE IV-5

NET CAPITAL OUTFLOWS FROM THE U.S. FOR  
DIRECT INVESTMENT IN PETROLEUM IN CANADA  
AND ANNUAL GROWTH IN VALUE OF U.S. DIRECT INVESTMENT  
IN PETROLEUM, IN CANADA, 1947-1967

Year	Annual Growth in Value	Net Capital Outflows from the U.S.	Column (2) as Percentage of Column (1)
	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)
1947	30	36	120.0
1948	66	43	65.2
1949	75	33	44.0
1950	69	122	176.8
1951	145	125	86.2
1952	156	125	80.1
1953	222	185	83.3
1954	224	194	86.6
1955	216	161	74.5
1956	378	302	79.9
1957	257	250	97.3
1958	277	237	85.6
1959	174	115	66.1
1960	197	135	68.5
1961	164	100	61.0
1962	47	159	338.3
1963	259	188	72.6
1964	62	25	40.3
1965	160	179	111.9
1966	252	154	61.1
1967	211	115	54.5

Income payments, like earnings, increased with the growth of investment in petroleum. Table CD-US5 shows that in the period from 1946 to 1949, these payments never rose above \$US 11 million. From 1950 to 1954, they were negative, a development which the U.S. Department of Commerce attributes to the charging of exploratory expenses against branch profits, all of which are treated as if they were a part of income. Since 1954, these payments have increased with fluctuations to reach \$US 132 million in 1967.

The implications for the Canadian balance of payments with the U.S. of direct investment in Canadian petroleum are indicated in Table IV-6 below.

TABLE IV-6

EFFECTS ON CANADIAN BALANCE OF PAYMENTS OF  
TRANSACTIONS RELATED TO U.S. DIRECT INVESTMENT  
IN THE CANADIAN PETROLEUM INDUSTRY, 1946-1967

Year	Net Capital Outflows from the U.S.	Payments of Income to the U.S.	Contribution to the Canadian Balance of Payments (1)-(2)	Annual Growth in Direct Investment
	(millions of U.S. dollars)	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)	(4)
1946	13	5	8	n.a.
1947	36	6	30	16.8
1948	43	8	35	31.7
1949	33	11	22	27.4
1950	122	- 3	125	19.8
1951	125	- 17	142	34.7
1952	125	- 20	145	27.7
1953	185	- 22	207	30.9
1954	194	- 11	205	23.8
1955	161	4	157	18.5
1956	302	29	273	27.4
1957	250	56	194	14.6
1958	237	27	210	13.7
1959	115	41	74	7.6
1960	135	60	75	8.0
1961	100	78	22	6.2
1962	159	79	80	1.7
1963	188	80	108	9.0
1964	25	118	- 93	2.0
1965	179	122	57	5.0
1966	154	112	42	7.5
1967	115	132	- 17	5.8

Net outflows of capital from the U.S. exceeded payments of income to the U.S. in all of the post-war years except two. Significantly, these two were towards the end of the period, and came in a sequence of nine years with comparatively low contributions. From 1946 to 1949, the annual contribution to the balance of payments was positive but small. For the nine years from 1950 to 1958, it was large, ranging from \$US 125 million in 1950 to \$US 273 million in 1956. For each of the nine years from 1959 to 1967, the annual contribution was less than in any of the previous nine years, ranging from \$US 108 million in 1963 to minus \$US 93 million in 1964.

The nine years of high contributions to the balance of payments were also the last nine years of a series of twelve years of high rates of growth in the value of U.S. direct investment in petroleum. When the growth rate dropped for the last nine years of the period under review,

the contribution of direct investment to the balance of payments dropped, and negative contributions began to occur.

The value of U.S. direct investment in Canadian petroleum was \$US 178 million at the end of 1946. At the end of 1967, it was \$US 3,819 million, an increase of \$US 3,641 million. Over the 21 years in which this increase occurred, net capital outflows from the U.S. exceeded income payments to the U.S. by \$US 2,093 million. The increase in U.S. direct investment was thus accompanied by a substantial contribution to the Canadian balance of payments, as measured by this particular concept of contribution. It is no coincidence that this situation was accompanied by unusually high rates for the growth of such direct investment.

#### Mining and Smelting

From Table CD-US1 it can be seen that the value of U.S. direct investment in Canadian mining and smelting fluctuated widely from 1946 to 1957, with a pronounced upward trend. After 1957, the value increased each year. The value increased from \$US 463 million in 1946 to \$US 2,337 million in 1967, an increase of \$US 1,874 million, or 404.8 per cent. This was equivalent to an average annual growth of 8.0 per cent.

The annual change in value is given in Table CD-US1B. This has varied considerably from year to year, ranging from minus \$US 185 million in 1950 to plus \$US 248 million in 1967. There was another substantial decrease, this time by \$US 146 million, in 1957. The two big decreases may have been affected by the fact that 1950 and 1957 were census years, with a possibility of statistical adjustment. Changes in exchange rates might also have affected them. All in all, the changes for this industrial group fluctuated more than was the case with petroleum, and considerably more than was the case with manufacturing.

The U.S. material surveyed associates iron ore discoveries with increasing U.S. direct investment in a number of instances, in particular the increases observed in the years 1952 and 1953, and in the period from 1958 to 1960.



Table IV-7 below gives the annual rate of growth, which fluctuated widely. Growth rates were 10 per cent or more from 1951 to 1956, being very high at 38.9 per cent in 1952. Apart from this, there was no sustained period of growth at 10 per cent or more.

TABLE IV-7

ANNUAL RATE OF GROWTH OF U.S. DIRECT INVESTMENT  
IN MINING AND SMELTING IN CANADA, 1947 TO 1967

Year	Rate of Growth (per cent)
1947	3.9
1948	1.4
1949	6.4
1950	-35.6
1951	21.6
1952	38.9
1953	23.8
1954	17.8
1955	10.0
1956	10.8
1957	-14.6
1958	9.6
1959	16.1
1960	21.7
1961	3.2
1962	8.9
1963	4.0
1964	10.6
1965	8.0
1966	12.8
1967	11.9

Net capital outflows to this industrial group were variable, as Table CD-US2 indicates. They exceeded \$US 100 million in 1952 and 1953, 1959 and 1960, and in 1966 and 1967. Iron ore developments may well have influenced the first two of these pairs of years.

Table IV-8 presents the data for annual growth in value and for net capital outflows from the U.S. As already pointed out, the significance of the relationship between them for any one year is very difficult to assess, because of conceptual problems. However, it is clear that, over the period as a whole, net capital outflows were making a substantial contribution to the growth of U.S. direct investment. This was probably most pronounced from 1952 to 1954 and from 1958 to 1960, during which periods iron ore developments may well have had an influence.

TABLE IV-8

NET CAPITAL OUTFLOWS FROM THE U.S. TO CANADIAN  
MINING AND SMELTING AND ANNUAL GROWTH IN  
VALUE OF U.S. DIRECT INVESTMENT IN  
CANADIAN MINING AND SMELTING 1947 TO 1967

Year	Annual Growth in Value	Net Capital Outflows from U.S.	Column (2) as per cent of Column (1)
	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)
1947	18	-1	-5.6
1948	7	8	114.3
1949	31	13	41.9
1950	-185	29	-
1951	72	41	56.9
1952	158	142	89.9
1953	134	118	88.0
1954	124	94	75.8
1955	82	42	51.2
1956	98	46	46.9
1957	-146	60	-
1958	82	78	95.1
1959	151	120	79.5
1960	236	199	84.3
1961	42	9	21.4
1962	122	85	69.7
1963	60	7	11.7
1964	164	91	55.5
1965	138	51	37.0
1966	238	172	72.3
1967	248	168	67.7

Earnings from direct investment in this industrial group are given in Table CD-US3. These have increased from \$US 28 million in 1946 to \$US 240 million in 1967, with considerable fluctuations in between. Since 1958 there has been a steady upward trend, broken only by a slight decrease in 1966.

Undistributed subsidiary earnings from 1950 to 1967 are shown in Table CD-US4. Although they cannot be related directly to the figures for earnings, it is clear that the proportion of earnings retained was on the low side.

Income payments, which are shown in Table CD-US5, were greater than retained earnings for most years. Analysis of the significance of the differentials is difficult because of conceptual problems, but in view of the size of the differences it seems likely that the general practice was to pay out more of earnings as income than was retained for further investment.

Income payments rose from \$US 23 million in 1946 to \$US 154 million in 1967, with fluctuations in between. The effects on the Canadian balance of payments of transactions related to direct investment in mining and smelting are shown in Table IV-9 below.

TABLE IV-9

EFFECTS ON CANADIAN BALANCE OF PAYMENTS OF  
TRANSACTIONS RELATED TO U.S. DIRECT INVESTMENT IN THE  
CANADIAN MINING AND SMELTING INDUSTRY, 1946 TO 1967

Year	Net Capital Outflows from the U.S. (millions of U.S. dollars)	Payments of Income to the U.S. (millions of U.S. dollars)	Contribution to Canadian balance of Payments (1)-(2) (millions of U.S. dollars)	Rate of Growth of Direct Investment (per cent)
	(1)	(2)	(3)	(4)
1946	1	23	- 22	n.a.
1947	- 1	26	- 27	3.9
1948	8	34	- 26	1.4
1949	13	29	- 16	6.4
1950	29	31	- 2	-35.6
1951	41	34	7	21.6
1952	142	36	106	38.9
1953	118	26	92	23.8
1954	94	39	55	17.8
1955	42	44	- 2	10.0
1956	46	46	0	10.8
1957	60	40	20	-14.6
1958	78	30	48	9.6
1959	120	32	88	16.1
1960	199	47	152	21.7
1961	9	51	- 42	3.2
1962	85	60	25	8.9
1963	7	80	- 73	4.0
1964	91	118	- 27	10.6
1965	51	110	- 59	8.0
1966	172	120	52	12.8
1967	168	154	14	11.9

In eleven years, net outflows of capital from the U.S. were greater than income flows coming in, thus giving a favourable effect; in ten years, the effect was unfavourable; and in one year there was a balance. The positive balances were greater than the negative ones, so over the period as a whole, the balance benefitted by \$US 363 million.

For seven out of the ten years with positive balances, the rate of growth of direct investment was more than 10 per cent. For the ten years with negative balances, rates of growth can be established for nine. Out of these nine years, eight had rates of growth of 10 per cent or less.

At the end of 1946, the value of U.S. investment in Canadian mining and smelting was \$US 463 million. At the end of 1967, it was \$US 2,337 million. The increase over 21 years was thus \$US 1,874 million. During these 21 years, the contribution of direct investment to the Canadian balance of payments was \$US 385 million, or less than a quarter of the increase.

#### Other Industry

Since this is a residual group, detailed study of the data is likely to be less rewarding than for the other groups. As Table CD-US1C shows, it has decreased from 30.8 per cent of U.S. direct investment in Canada in 1946 to 21.2 per cent in 1967, the lowest percentage in between being 19.4 per cent in 1956. For the last fifteen years or so, it has fluctuated about the 20 per cent level.

It grew by 367.1 per cent from \$US 820 million in 1946 to \$US 3,830 million in 1967.

The annual change in value was variable. Figures in the \$US 400 million range occurred three times; in 1957 (\$US 465 million), in 1965 (\$US 491 million) and in 1966 (\$US 389 million).

Outflows of capital from the U.S. were fairly low in most years, as Table CD-US2 indicates. They were high in 1956 and 1957 at \$US 104 million and 184 million; and in 1965 and 1966 at \$US 337 million and 260 million.

Earnings rose fairly steadily from \$US 40 million in 1946 to \$US 267 million in 1967, as Table CD-US3 shows. The rate of return varied, being 10 per cent or more in the early nineteen fifties but lower at other periods. Table CD-US3B shows this.

Undistributed subsidiary earnings rose from \$US 26 million in 1946 to \$US 125 million in 1967, with considerable fluctuation in between (Table CD-US4). Payments of income rose from \$US 40 million in 1946 to \$US 208 million in 1967, also with considerable fluctuation (see Table CD-US5). After allowing for differences in concepts, it seems likely that more of the earnings were sent to the U.S. than were retained in Canada.

The contribution to the Canadian balance of payments is given in Table IV-10, together with the rate of growth of direct investment.

TABLE IV-10  
EFFECTS ON CANADIAN BALANCE OF PAYMENTS  
OF TRANSACTIONS RELATED TO U.S. DIRECT INVESTMENT  
IN THE OTHER CANADIAN INDUSTRY CATEGORY  
1946 TO 1967

Year	Net Capital Outflows From the U.S.	Payments of Income to the U.S.	Contribution to Canadian Balance of Payments (1)-(2)	Rate of Growth of Direct Investment
	(millions of U.S. dollars)	(millions of U.S. dollars)	(millions of U.S. dollars)	(per cent)
	(1)	(2)	(3)	(4)
1946	42	40	2	n.a.
1947	- 9	65	- 74	- 3.8
1948	- 6	58	- 64	1.6
1949	46	76	- 30	5.9
1950	49	56	- 7	9.5
1951	30	55	- 25	6.7
1952	29	67	- 38	6.4
1953	55	58	- 3	11.0
1954	48	71	- 23	9.2
1955	66	75	- 9	8.1
1956	104	122	- 18	9.1
1957	184	68	116	30.8
1958	35	71	- 36	5.1
1959	37	66	- 29	5.5
1960	88	78	10	7.9
1961	76	122	- 46	- 1.4
1962	58	116	- 58	5.4
1963	50	103	- 53	5.8
1964	42	129	- 87	5.7
1965	337	156	181	17.9
1966	260	170	90	12.0
1967	83	208	-125	5.6

Payment of income exceeded net capital flows from the U.S. in seventeen out of the twenty-two years covered. Net capital flows exceeded income payments five times. Over the period as a whole, transactions related to direct investment in other industry had an adverse effect on the Canadian balance of payments of \$US 326 million.

Of the twenty-one years for which rates of growth of direct investment are available, four showed positive contributions to the balance of payments. The associated rates of growth were 30.8 per cent in 1957, 7.9 per cent in 1960, 17.9 per cent in 1965 and 12.0 per cent in 1966. In the seventeen years showing negative effects, growth rates were less than 10 per cent sixteen times and the other time the growth rate was 11.0 per cent.

At the end of 1946, the value of U.S. direct investment in other Canadian industry was \$US 820 million. At the end of 1967, it was \$US 3,830 million, an increase of \$US 3,010 million in twenty-one years. During that period, transactions related to U.S. direct investment in other Canadian industry had an adverse effect on the Canadian balance of payments of \$US 328 million.

FOOTNOTE:

- 1/ "Foreign Investments of the United States: Census of 1950", Survey of Current Business Supplements 1952-53, page 37; U.S. Business Investments in Foreign Countries, 1960, page 78.

ANNEX A

U.S. DIRECT INVESTMENT IN CANADA  
AS REPORTED BY U.S. SOURCES, 1946-1967

<u>Table</u>	<u>Title</u>
CD-US1:	Value of Direct Investment in Canada by the United States, by Industry Group, Selected Year-ends 1929-43 and Annually 1946-67, in millions of U.S. dollars
CD-US1A:	Value of Direct Investment in Canada by the United States, by Industry Group, Selected Year-ends 1929-43 and Annually 1946-67, in millions of Canadian dollars
CD-US1B:	Net annual change in Value of Direct Investment in Canada by the United States, by Industry Group, 1947-67, in millions of U.S. dollars
CD-US1C:	Percentage Distribution of the Value of Direct Investment in Canada by the United States, by Industry Group, Selected Year-ends 1929-43 and Annually 1946-67
CD-US2:	Net Capital Outflows from the U.S. for Direct Investment in Canada by the United States, by Industry Group, 1946-67, in millions of U.S. dollars
CD-US2A:	Net Capital Outflows from the U.S. for Direct Investment in Canada by the United States, by Industry Group, 1946-67, in millions of Canadian dollars
CD-US3:	Earnings of Direct Investment in Canada by the United States, by Industry Group, 1946-67, in millions of U.S. dollars
CD-US3A:	Earnings of Direct Investment in Canada by the United States, by Industry Group, 1946-67, in millions of Canadian dollars
CD-US3B:	Rate of Return on Direct Investment in Canada by the United States, by Industry Group, 1947-67
CD-US4:	Undistributed Subsidiary Earnings of Direct Investment in Canada by the United States, by Industry Group, 1946-67, in millions of U.S. dollars
CD-US4A:	Undistributed Subsidiary Earnings of Direct Investment in Canada by the United States, by Industry Group, 1946-67, in millions of Canadian dollars
CD-US5:	Payments of Income to the United States from Direct Investment in Canada by the United States, by Industry Group, 1946-67, in millions of U.S. dollars
CD-US5A:	Payments of Income to the United States from Direct Investment in Canada by the United States, by Industry Group, 1946-67, in millions of Canadian dollars
CD-US6:	Payments for Fees and Royalties to the United States from Direct Investment in Canada by the United States, by Industry Group, 1950, 1957 and Annually 1961-67, in millions of U.S. dollars
CD-US6A:	Payments for Fees and Royalties to the United States from Direct Investment in Canada by the United States, by Industry Group, 1950, 1957 and Annually 1961-67, in millions of Canadian dollars

TABLE CD-US1

VALUE OF DIRECT INVESTMENT IN CANADA, BY THE UNITED STATES, BY INDUSTRY GROUP, SELECTED YEAR-ENDS 1929-43 AND ANNUALLY 1946-67

(millions of U.S. dollars)

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1929	2,010	400	55	819	737
1936	1,952	239	108	799	806
1943	2,378	384	161	941	892
1946	2,663	463	178	1,202	820
1947	2,806	481	208	1,328	789
1948	3,096	488	274	1,532	802
1949	3,359	519	349	1,642	849
1950	3,579	334	418	1,897	930
1951	3,969	406	563	2,009	992
1952	4,641	564	719	2,303	1,055
1953	5,349	698	941	2,540	1,171
1954	6,043	822	1,165	2,777	1,279
1955	6,761	904	1,381	3,093	1,383
1956	7,795	1,002	1,759	3,526	1,509
1957	8,769	856	2,016	3,924	1,974
1958	9,470	938	2,293	4,164	2,075
1959	10,310	1,089	2,467	4,565	2,190
1960	11,179	1,325	2,664	4,827	2,363
1961	11,602	1,367	2,828	5,076	2,331
1962	12,133	1,489	2,875	5,312	2,457
1963	13,044	1,549	3,134	5,761	2,600
1964	13,855	1,713	3,196	6,198	2,748
1965	15,318	1,851	3,356	6,872	3,239
1966	16,999	2,089	3,608	7,675	3,628
1967	18,069	2,337	3,819	8,083	3,830

Note: Figures may not add due to rounding.

SOURCE: 1929-1943: United States Business Investments in Foreign Countries, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., 1960, Table 5, page 93.

1946-1949: "Private Capital Outflows to Foreign Countries", Survey of Current Business, December 1951, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 9, page 13.

1950-1959: "United States Balance of Payments", Statistical Supplement (Revised Edition) to the Survey of Current Business, 1963, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 58, pages 210-215.

1960-1967: "The International Investments of the U.S. in 1967", Survey of Current Business, October 1968, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 6, page 26

Foreign Investment Division  
Office of Economics



TABLE CD-US1A

VALUE OF DIRECT INVESTMENT IN CANADA, BY THE UNITED STATES, BY INDUSTRY GROUP, SELECTED YEAR-ENDS 1929-43 AND ANNUALLY 1946-67

(millions of Canadian dollars)<sup>1/</sup>

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1929	2,033	405	56	828	746
1936	1,951	239	108	798	805
1943	2,628	424	178	1,040	986
1946	2,670	464	178	1,205	822
1947	2,813	482	208	1,331	791
1948	3,104	489	275	1,536	804
1949	3,703	572	385	1,810	936
1950	3,791	354	443	2,010	985
1951	4,016	411	570	2,033	1,004
1952	4,503	547	698	2,235	1,024
1953	5,209	680	916	2,474	1,140
1954	5,837	794	1,125	2,682	1,235
1955	6,755	903	1,380	3,090	1,382
1956	7,481	962	1,688	3,384	1,448
1957	8,630	842	1,984	3,862	1,943
1958	9,133	905	2,211	4,016	2,001
1959	9,817	1,037	2,349	4,347	2,085
1960	11,141	1,320	2,655	4,811	2,355
1961	12,106	1,426	2,951	5,296	2,432
1962	13,070	1,604	3,097	5,722	2,647
1963	14,095	1,674	3,387	6,225	2,810
1964	14,878	1,839	3,432	6,655	2,951
1965	16,467	1,990	3,608	7,387	3,482
1966	18,424	2,264	3,910	8,318	3,932
1967	19,525	2,525	4,127	8,734	4,139

Note: Figures may not add due to rounding.

<sup>1/</sup> See Annex B for the method of converting from U.S. dollars.

SOURCE: Table CD-US1

TABLE CD-US1B

NET ANNUAL CHANGE IN VALUE OF DIRECT INVESTMENT IN  
CANADA, BY THE UNITED STATES, BY INDUSTRY GROUP, 1947-67

(millions of U.S. dollars)

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1947	143	18	30	126	-31
1948	290	7	66	204	13
1949	263	31	75	110	47
1950	220	-185	69	255	81
1951	390	72	145	112	62
1952	672	158	156	294	63
1953	708	134	222	237	116
1954	694	124	224	237	108
1955	718	82	216	316	104
1956	1,034	98	378	433	126
1957	974	-146	257	398	465
1958	701	82	277	240	101
1959	840	151	174	401	115
1960	869	236	197	262	173
1961	423	42	164	249	-32
1962	531	122	47	236	126
1963	911	60	259	449	143
1964	811	164	62	437	148
1965	1,463	138	160	674	491
1966	1,681	238	252	803	389
1967	1,070	248	211	408	202

Note: Figures may not add due to rounding.

SOURCE: Table CD-US1

Foreign Investment Division  
Office of Economics.

TABLE CD-US1C

PERCENTAGE DISTRIBUTION OF VALUE OF DIRECT INVESTMENT IN CANADA,  
BY THE UNITED STATES, BY INDUSTRY GROUP, SELECTED YEAR-ENDS  
1929-43 AND ANNUALLY 1946-67

(percentage)

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1929	100	19.9	2.8	40.7	36.7
1936	100	12.3	5.5	40.9	41.3
1943	100	16.1	6.8	39.6	37.5
1946	100	17.4	6.7	45.1	30.8
1947	100	17.1	7.4	47.3	28.1
1948	100	15.8	8.9	49.5	25.9
1949	100	15.4	10.4	48.9	25.3
1950	100	9.3	11.7	53.0	26.0
1951	100	10.2	14.2	50.6	25.0
1952	100	12.1	15.5	49.6	22.7
1953	100	13.1	17.6	47.5	21.9
1954	100	13.6	19.3	45.9	21.2
1955	100	13.4	20.4	45.7	20.5
1956	100	12.9	22.6	45.2	19.4
1957	100	9.8	23.0	44.8	22.5
1958	100	9.9	24.2	44.0	21.9
1959	100	10.6	23.9	44.3	21.2
1960	100	11.8	23.8	43.2	21.1
1961	100	11.8	24.4	43.7	20.1
1962	100	12.3	23.7	43.8	20.3
1963	100	11.9	24.0	44.2	19.9
1964	100	12.4	23.1	44.7	19.8
1965	100	12.1	21.9	44.9	21.1
1966	100	12.3	21.2	45.1	21.3
1967	100	12.9	21.1	44.7	21.2

Note: Figures may not add due to rounding.

SOURCE: Table CD-US1

Foreign Investment Division  
Office of Economics

TABLE CD-US2

NET CAPITAL OUTFLOWS FROM THE U.S. FOR DIRECT INVESTMENT IN CANADA, BY THE UNITED STATES, BY INDUSTRY GROUP, 1946-67

(millions of U.S. dollars)

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1946	47	1	13	-9	42
1947	39	-1	36	13	-9
1948	88	8	43	43	-6
1949	100	13	33	7	46
1950	287	29	122	88	49
1951	235	41	125	39	30
1952	430	142	125	135	29
1953	404	118	185	45	55
1954	408	94	194	73	48
1955	353	42	161	84	66
1956	601	46	302	149	104
1957	678	60	250	184	184
1958	421	78	237	72	35
1959	417	120	115	146	37
1960	451	199	135	29	88
1961	302	9	100	117	76
1962	314	85	159	12	58
1963	365	7	188	120	50
1964	298	91	25	140	42
1965	962	51	179	395	337
1966	1,135	172	154	549	260
1967	392	168	115	25	83

Note: Figures may not add due to rounding.

SOURCE: 1946-1949: "Foreign Investments and Income", Survey of Current Business, November 1954, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 2, page 8.

1950-1959: "U.S. Balance of Payments", Statistical Supplement (Revised Edition) to the Survey of Current Business, 1963, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 50, pages 178-183.

1960-1967: "The International Investments of the U.S. in 1967", Survey of Current Business, October 1968, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 6, page 26.

Foreign Investment Division  
Office of Economics

TABLE CD-US2A

NET CAPITAL OUTFLOWS FROM THE U.S. FOR DIRECT INVESTMENT IN CANADA, BY THE UNITED STATES, BY INDUSTRY GROUP, 1946-67

(millions of Canadian dollars)<sup>1/</sup>

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1946	50	1	14	-10	44
1947	39	-1	36	13	-9
1948	88	8	43	43	-6
1949	103	13	34	7	47
1950	313	32	133	96	53
1951	247	43	132	41	32
1952	421	139	122	132	28
1953	397	116	182	44	54
1954	397	92	189	71	47
1955	348	41	159	83	65
1956	591	45	297	147	102
1957	650	58	240	176	176
1958	409	76	230	70	34
1959	400	115	110	140	36
1960	437	193	131	28	85
1961	306	9	101	118	77
1962	336	91	170	13	62
1963	394	8	203	129	54
1964	321	98	27	151	45
1965	1,037	55	193	426	363
1966	1,223	185	166	591	280
1967	423	181	124	27	90

Note: Figures may not add due to rounding.

<sup>1/</sup> See Annex B for the method of converting from U.S. dollars.

SOURCE: Table CD-US2

Foreign Investment Division  
Office of Economics.

TABLE CD-US3

EARNINGS OF DIRECT INVESTMENT IN CANADA BY THE UNITED STATES, BY INDUSTRY GROUP, 1946-67

(millions of U.S. dollars)

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1946	210	28	9	133	40
1947	298	36	11	197	54
1948	395	30	22	279	64
1949	393	37	6	277	73
1950	445	52	17	301	76
1951	420	68	3	268	81
1952	459	54	12	297	97
1953	502	44	14	337	106
1954	488	57	10	296	125
1955	617	86	39	363	130
1956	745	97	91	398	158
1957	653	70	112	342	129
1958	569	37	57	349	127
1959	713	67	74	438	134
1960	718	88	98	398	134
1961	726	96	114	360	156
1962	825	97	121	460	147
1963	948	127	149	525	147
1964	1,106	191	170	565	180
1965	1,209	198	183	606	222
1966	1,237	191	196	628	222
1967	1,327	240	207	613	267

Note: Figures may not add due to rounding.

SOURCE: 1946-1949: "Foreign Investments and Income", Survey of Current Business, November 1954, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 8, page 12.

1950-1959: "United States Balance of Payments", Statistical Supplement (Revised Edition) to the Survey of Current Business, 1963, U.S. Dept. of Commerce Office of Business Economics, Washington, D.C. Table 53, pages 188-193.

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Foreign Investment Division  
Office of Economics

TABLE CD-US3A

EARNINGS OF DIRECT INVESTMENT IN CANADA, BY THE  
UNITED STATES, BY INDUSTRY GROUP, 1946-67

(millions of Canadian dollars)<sup>1/</sup>

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1946	222	30	10	141	42
1947	299	36	11	178	54
1948	396	30	22	280	64
1949	405	38	6	286	75
1950	485	57	18	328	83
1951	442	72	3	282	85
1952	449	53	12	291	95
1953	494	43	14	331	104
1954	475	56	10	288	122
1955	608	85	38	358	128
1956	733	96	90	392	156
1957	626	67	107	328	124
1958	552	36	55	339	123
1959	684	64	71	420	130
1960	696	85	95	386	130
1961	736	97	116	365	158
1962	882	104	129	492	157
1963	1,022	137	161	566	158
1964	1,193	206	183	609	194
1965	1,303	213	197	653	239
1966	1,333	206	211	676	239
1967	1,431	259	223	661	288

Note: Figures may not add due to rounding.

<sup>1/</sup> See Annex B for the method of converting from U.S. dollars.

SOURCE: Table CD-US3

Foreign Investment Division  
Office of Economics

TABLE CD-US3B

RATE OF RETURN ON DIRECT INVESTMENT  
IN CANADA BY THE UNITED STATES,  
BY INDUSTRY GROUP, 1947-67

(percentage)

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1947	11.2	7.8	6.2	16.4	6.6
1948	14.1	6.2	10.6	21.0	8.1
1949	12.7	7.6	2.2	18.1	9.1
1950	13.2	10.0	4.9	18.3	9.0
1951	11.7	20.4	.7	14.1	8.7
1952	11.6	13.3	2.1	14.8	9.8
1953	10.8	7.8	1.9	14.6	10.0
1954	9.1	8.2	1.1	11.7	10.7
1955	10.2	10.5	3.3	13.1	10.2
1956	11.0	10.7	6.6	12.9	11.4
1957	8.4	7.0	6.4	9.7	8.5
1958	6.5	4.3	2.8	8.9	6.4
1959	7.5	7.1	3.2	10.5	6.5
1960	7.0	8.1	4.0	8.7	6.1
1961	6.5	7.2	4.3	7.5	6.6
1962	7.1	7.1	4.3	9.1	6.3
1963	7.8	8.5	5.2	9.9	6.0
1964	8.5	12.3	5.4	9.8	6.9
1965	8.7	11.6	5.7	9.8	8.1
1966	8.1	10.3	5.8	9.1	6.9
1967	7.8	11.5	5.7	8.0	7.4

SOURCE: Table CD-US1 and Table CD-US3

Foreign Investment Division,  
Office of Economics.



TABLE CD-US4

UNDISTRIBUTED SUBSIDIARY EARNINGS OF DIRECT INVESTMENT  
IN CANADA, BY THE UNITED STATES, BY INDUSTRY GROUP, 1946-67

(millions of U.S. dollars)

Year	Total	Mining and Smelting <sup>1/</sup>	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1946	98		5	67	26
1947	131		11	103	17
1948	213		22	170	21
1949	144		12	108	24
1950	146	18	20	85	23
1951	181	30	20	101	30
1952	239	14	31	160	34
1953	301	16	36	195	54
1954	274	21	25	165	62
1955	342	41	41	203	58
1956	441	49	67	276	49
1957	357	32	67	180	78
1958	279	5	40	168	66
1959	393	32	44	240	78
1960 <sup>P</sup>	389	38	46	234	72
1961 <sup>P</sup>	284	37	51	141	55
1962 <sup>P</sup>	368	37	33	230	68
1963 <sup>P</sup>	528	45	69	338	76
1964 <sup>P</sup>	498	77	54	289	78
1965 <sup>P</sup>	540	86	66	283	106
1966 <sup>P</sup>	539	67	89	274	109
1967 <sup>P</sup>	644	82	93	344	125

P Preliminary estimate

<sup>1/</sup> included with "Other Industry" for the years 1946-49 inclusive

SOURCE: 1946-1949: "Income on International Investments of the U.S.", Survey of Current Business, October 1951, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 5, page 13.

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- 1966: "International Investments of the U.S. in 1966", Survey of Current Business, September 1967, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 4, pages 42-43.
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Foreign Investment Division  
Office of Economics

TABLE CD-US4A

UNDISTRIBUTED SUBSIDIARY EARNINGS OF DIRECT INVESTMENT IN CANADA  
BY THE UNITED STATES, BY INDUSTRY GROUP, 1946-67

(millions of Canadian dollars)<sup>1/</sup>

Year	Total	Mining and Smelting <sup>2/</sup>	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1946	104		5	71	28
1947	131		11	103	17
1948	214		22	170	21
1949	148		12	111	25
1950	159	20	22	93	36
1951	191	32	21	106	32
1952	234	14	30	157	33
1953	296	16	35	192	53
1954	267	20	24	161	60
1955	337	40	40	200	57
1956	434	48	66	272	48
1957	342	31	64	173	75
1958	271	5	39	163	64
1959	377	31	42	230	75
1960 <sup>P</sup>	377	37	45	227	70
1961 <sup>P</sup>	270	38	52	143	56
1962 <sup>P</sup>	397	40	35	246	73
1963 <sup>P</sup>	575	48	74	364	82
1964 <sup>P</sup>	539	83	58	312	84
1965 <sup>P</sup>	582	93	71	305	114
1966 <sup>P</sup>	581	72	96	295	117
1967 <sup>P</sup>	695	88	100	271	135

P Preliminary

Note: Figures may not add due to rounding.

<sup>1/</sup> See Annex B for the method of converting from U.S. dollars.

<sup>2/</sup> Included with "Other Industry" for the years 1946-49 inclusive.

SOURCE: Table CD-US4

TABLE CD-US5

PAYMENTS OF INCOME TO THE UNITED STATES FROM DIRECT INVESTMENT  
IN CANADA BY THE UNITED STATES, BY INDUSTRY GROUP 1946-67

(millions of U.S. dollars)

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1946	148	23	5	80	40
1947	203	26	6	106	65
1948	223	34	8	123	58
1949	295	29	11	179	76
1950	294	31	-3	211	56
1951	236	34	-17	164	55
1952	223	36	-20	139	67
1953	208	26	-22	146	58
1954	238	39	-11	138	71
1955	293	44	4	170	75
1956	326	46	29	130	122
1957	335	40	56	171	68
1958	315	30	27	188	71
1959	345	32	41	206	66
1960	361	47	60	176	78
1961	464	51	78	213	122
1962	476	60	79	221	116
1963	455	80	80	192	103
1964	634	118	118	269	129
1965	703	110	122	315	156
1966	756	120	112	354	170
1967	790	154	132	296	208

Note: Figures may not add due to rounding.

SOURCE: 1946-1949: "Income on International Investments of the U.S.", Survey of Current Business, October 1951, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 3, page 11

1950-1959: "U.S. Balance of Payments", Statistical Supplement (Revised Edition) to the Survey of Current Business, 1963, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 54, pages 194-199

1960-1967: "The International Investments of the U.S. in 1967", Survey of Current Business, October 1968, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 6, page 26.

Foreign Investment Division  
Office of Economics

TABLE CD-US5A

PAYMENTS OF INCOME TO THE UNITED STATES FROM DIRECT INVESTMENT  
IN CANADA BY THE UNITED STATES, BY INDUSTRY GROUP, 1946-67

(millions of Canadian dollars)<sup>1/</sup>

Year	Total	Mining and Smelting	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)	(5)
1946	156	24	5	85	42
1947	204	26	6	106	65
1948	224	34	8	123	58
1949	304	30	11	184	78
1950	320	34	-3	230	61
1951	248	36	-18	173	58
1952	218	35	-20	136	66
1953	204	26	-22	144	57
1954	232	38	-11	134	69
1955	289	43	4	168	74
1956	321	45	29	128	120
1957	321	38	54	164	65
1958	306	29	26	182	69
1959	331	31	39	198	63
1960	350	46	58	171	76
1961	470	52	79	216	124
1962	509	64	84	236	124
1963	491	86	86	207	111
1964	684	127	127	290	139
1965	758	119	132	340	168
1966	814	129	121	381	183
1967	852	166	142	319	224

Note: Figures may not add due to rounding.

<sup>1/</sup> See Annex B for the method of converting from U.S. dollars.

SOURCE: Table CD-US5

Foreign Investment Division  
Office of Economics

TABLE CD-US6

PAYMENTS FOR FEES AND ROYALTIES<sup>1/</sup> TO THE UNITED STATES FROM DIRECT INVESTMENT IN CANADA BY THE UNITED STATES, BY INDUSTRY GROUP, 1950, 1957 AND ANNUALLY 1961-67

(millions of U.S. dollars)

Year	Total	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)
1950	24	-	-	-
1957	60	3	38	19
1961	102	14	66	23
1962	114	15	77	22
1963	134	16	96	22
1964	162	15	125	23
1965	185	9	144	32
1966	215	15	165	35
1967 <sup>P</sup>	243	17	186	40

- Not available

P Preliminary

Note: Figures may not add due to rounding.

<sup>1/</sup> Excludes foreign film rentals

- SOURCE: 1950: "Foreign Investments of the United States", Survey of Current Business Supplements, 1952-53, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C. Appendix Table 25, page 56.
- 1957: U.S. Business Investments in Foreign Countries, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C. 1960, Table 41, page 129.
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- 1964: "Foreign Investments, 1965-66", Survey of Current Business, September 1966, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 11, page 38.
- 1965: "International Investments of the U.S. in 1966", Survey of Current Business, September 1967, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C., Table 10, page 49.
- 1966-1967: "The International Investment Position of the U.S. in 1967", Survey of Current Business, U.S. Dept. of Commerce, Office of Business Economics, Washington, D.C. Table 10, page 28.

Foreign Investment Division  
Office of Economics.

TABLE CD-US6A

PAYMENTS FOR FEES AND ROYALTIES<sup>1/</sup> TO THE UNITED STATES  
FROM DIRECT INVESTMENT IN CANADA BY THE UNITED STATES,  
BY INDUSTRY GROUP, 1950, 1957 AND ANNUALLY 1961-67

(Millions of Canadian dollars)<sup>2/</sup>

Year	Total	Petroleum	Manufacturing	Other Industry
	(1)	(2)	(3)	(4)
1950	26	-	-	-
1957	58	3	36	18
1961	103	14	67	23
1962	122	16	82	24
1963	144	17	104	24
1964	175	16	135	25
1965	199	10	155	34
1966	231	16	178	38
1967 <sup>P</sup>	262	18	201	43

- Not available

P Preliminary

Note: Figures may not add due to rounding.

<sup>1/</sup> Excludes foreign film rentals

<sup>2/</sup> See Annex B for the method of converting from U.S. dollars.

SOURCE: Table CD-US6

ANNEX B

A NOTE ON THE METHOD OF CONVERTING U.S. SOURCE DATA ON  
U.S. DIRECT INVESTMENT IN CANADA TO CANADIAN DOLLARS

Initially each set of data was identified as a stock or a flow. With the exception of value of direct investment, all identified concepts were flows.

Capital stock figures were converted by applying to the appropriate U.S. data the closing rate of the U.S. dollar in Canada on the last business day of the year concerned. Flow conversions were made by applying the yearly average of noon spot rates of the U.S. dollar in Canada to the appropriate U.S. figures.

The conversion rates used are given in Table 1B.



TABLE B1

EXCHANGE RATE FOR THE U.S. DOLLAR IN CANADA, SELECTED SERIES;  
SELECTED YEARS 1929-1943 AND ANNUALLY 1945-1967.

Year	December Closing Rate	Annual Average of Noon Spot Rates
	(1)	(2)
1929	101.16	100.76
1936	100.00	100.06
1943	110.50	110.50
1945	110.25	110.45
1946	100.25	105.75
1947	100.25	100.25
1948	100.25	100.25
1949	110.25	103.08
1950	105.93	108.92
1951	101.19	105.28
1952	97.03	97.89
1953	97.38	98.34
1954	96.59	97.32
1955	99.91	98.63
1956	95.97	98.41
1957	98.41	95.88
1958	96.44	97.06
1959	95.22	95.90
1960	99.66	96.97
1961	104.34	101.32
1962	107.72	106.89
1963	108.06	107.85
1964	107.38	107.86
1965	107.50	107.80
1966	108.38	107.73
1967	108.06	107.86

NOTE: Decimal calculations in column 1 were converted from fractions in multiples of 1/32.

SOURCE:

Column 1:

1929 and 1936: Bank of Canada unpublished sources.  
 1943 - 1949: Estimated by the Foreign Investment Division as the mid-rates between the official buying and selling rates as published in the Bank of Canada Statistical Summary Financial Supplement 1954, page 59.  
 1950: Bank of Canada Statistical Summary Financial Supplement 1954, page 59.  
 1951 - 1966: Bank of Canada Statistical Summary 1966 Supplement, page 145.  
 1967: Bank of Canada Monthly Statistics, January 1968, page 86.

Column 2:

1929 - 1949: Bank of Canada Statistical Summary 1950 Supplement, pages 134-35.  
 1950: Bank of Canada Statistical Summary Financial Supplement 1955, page 51.  
 1951 - 1966: Bank of Canada Statistical Summary 1966 Supplement, page 145.  
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ANNEX C

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