

the loan to the United Kingdom are the principal forms of Canadian lending during the transitional years following the War. These credits are for the purpose of facilitating and developing trade between Canada and the borrowing countries by making it possible for them to pay for Canadian products during the transitional years. The export credits when fully drawn down will be prominent elements in the international investment position between Canada and the borrowing countries. Canadian membership in the International Monetary Fund and the International Bank for Reconstruction and Development will also give rise to other capital movements.

Tables 1 to 3 give summary figures of British and foreign capital invested in Canada and Canadian capital invested abroad for the years 1926, 1930, 1933 and 1939. These figures comprise a new series employing a different basis of valuation and are not comparable with those previously published in the Year Book.

**British and Foreign Investments in Canada, 1939.**—At the end of 1939 total British and foreign investments in Canada were estimated at \$6,926,000,000. Investments held in the United Kingdom were estimated at \$2,466,000,000 and in the United States at \$4,190,000,000, which include investments held in those countries for residents of other countries. The remaining amount, \$270,000,000 was owned in other overseas countries.

More than half the investment in Canada in 1939 was represented by bonds and debentures, which gave rise to large contractual payments of interest requiring foreign exchange. This interest amounted to about \$136,000,000, the larger portion of which represented a payment to the United States in Canada's current account. This total of Canadian bonds and debentures owned abroad was, however, only about one-third of the total funded debt of the Canadian Government and corporations, which approximated \$10,000,000,000 at the end of 1939.

Investment by non-residents in Canadian businesses amounted to about \$5,254,000,000. This investment was of varying importance in different industries, amounting to 79 p.c. of the total investment in the chemical and allied products group, but only 17 p.c. in the textile group. The average percentage of non-resident ownership in all manufacturing enterprises was 42 p.c., in mining and smelting companies 40 p.c., in railways 57 p.c., in central electric station companies or commissions 25 p.c., and in merchandising establishments 9 p.c.

An important part of the United States investments in Canada was represented by so-called direct investments—investments in branch, subsidiary and controlled companies, including branch plants of United States industries operating in Canada. This investment amounted to \$1,919,000,000 at the end of 1939, more than half of which was in manufacturing establishments. Making up this direct investment, there were at least 1,580 Canadian subsidiaries of United States companies and 381 unincorporated branches in which the amount of capital was appreciable. The investment in manufacturing establishments controlled in the United States constitutes about one-third of the total investments in all manufacturing industries in Canada.

Portfolio investments in Canada owned in the United States amounted to about \$2,186,000,000 in 1939, apart from scattered individual holdings of securities included in the total United States investment in branch, subsidiary and controlled companies. Most of these portfolio investments were made up of holdings of Canadian bonds, which amounted to \$1,809,000,000.