

An important group of United States investments in Canada is made up of the direct investments in branches and subsidiaries and other companies which are controlled in the United States. These direct investments in over 2,000 controlled businesses in Canada had a total value of \$2,423,000,000 at the end of 1946 compared with \$1,881,000,000 at the end of 1939. Although the increase of 29 p.c. in value in this period contrasts sharply with the moderate decline in this group of investments which occurred in the decade before the Second World War, the recent increase represents a smaller rate of growth than occurred during the period of most rapid expansion between 1926 and 1939, when the value of United States direct investments in Canada increased 42 p.c. A major part of the increased investments since 1939 has arisen from the reinvestment of earnings of branches and subsidiaries in Canada. The remainder of the increases resulted from direct transfers of capital from the United States.

More than one-half of the total United States direct investments in Canada are in the manufacturing industry. The United States controlled companies in the manufacturing field constitute only a minor part of the total investments in manufacturing concerns in Canada, possibly about one-quarter of the total. In the broader field of Canadian business, covering all industrial, mining and commercial concerns, and railways and utilities, the ratio of investments controlled in the United States is much less. The direct investments are widely distributed throughout a great many companies and the percentage of United States controlled companies varies considerably in different industries. Consequently, the substantial percentage of United States controlled companies in the manufacturing field should not be taken as an indication that Canadian industry in general is dominated by American controlled companies. In some industries such as the manufacture of automobiles, rubber goods, electrical appliances, and the refining of petroleum, as well as in the non-ferrous metal industries, United States controlled companies predominate. In other industries the American controlled units are less important and there are many industries and trades in which the leading firms and the predominance of control are Canadian; these include the primary iron and steel industries and cotton textiles and merchandising. In other branches of industry the United States controlled portion, while representing a large part, nevertheless shares the field generally with Canadian companies, as is the case in the pulp and paper industry and mining.

Total British investments of \$1,688,000,000 in Canada in 1946, including some investments held in the United Kingdom for owners living elsewhere, can be roughly divided into portfolio investments of \$1,258,000,000, direct investments of \$355,000,000 and miscellaneous investments of \$75,000,000. Most of the reduction in British investments in Canada during the War occurred in portfolio holdings of securities, particularly of Canadian Government and Canadian National Railways issues. More than one-half of the portfolio investments still held in 1946 was made up of holdings of public issues of stock in Canadian companies with a book value of \$730,000,000, the major part of which was made up of railway stock. Holdings of Canadian provincial, municipal and corporation bonds had an estimated par value of \$539,000,000 in 1946, including some relatively small amounts of bonds included