

Since November, 1948, favourable consideration has been given to applications by Canadian subsidiaries and branches of foreign companies, which had an accumulation of earnings made since 1939, to remit more than one years accumulated earnings in cases where their net cash position is abnormally large and clearly surplus to their actual and anticipated requirements. Previously, remittances of earnings were limited to one years earnings during each fiscal year of an applicant.

Certain types of payments by residents to non-residents, which represent withdrawals of capital from Canada by the latter, have been approved only on condition that the non-residents simultaneously reinvest the Canadian dollars in certain types of Canadian domestic securities. These securities they were then free to sell on the United States market. This procedure had the disadvantage of increasing the cost to Canadians of acquiring productive capital assets owned in Canada by non-residents, since the discount on Canadian domestic securities in the United States market has been greater than that on Canadian dollars. Since the latter part of 1948, applications have been considered for the acquisition from non-residents for Canadian dollars, without requiring reinvestment, of assets such as timber limits and mining, oil and gas properties which are required in connection with operations being carried on in Canada by the residents and also for the acquisition by residents of outright ownership or effective control of non-resident-owned or -controlled productive enterprises in Canada.

In November, 1948, the Board was instructed to limit the amount of United States dollars made available to Canadian residents for travel except for business, health or educational purposes to \$150 per person (\$100 in the case of children under 11 years) during the period from Nov. 16, 1948, to Nov. 15, 1949. This is the same as the travel ration for the preceding twelve-month period. The arrangement was continued for a further period of twelve months in November, 1949.

Since March, 1949, Canadians have been able to obtain permits through their banks for the expenditure of any reasonable amounts of Canadian dollars for travel in France, Belgium, Luxembourg, the Netherlands and Norway. As far as Canadian travellers are concerned these countries are, therefore, now placed in a similar position to those in the Sterling Area. Previously, travel expenditure in the former countries was, in practice, made in United States dollars. In March, 1949, arrangements were completed whereby Canadian dollars spent in these countries for travel purposes would be convertible into local currencies at the same rate as would United States dollars; since then, however, these travel expenditures have been authorized in Canadian dollars or local currencies only. Effective July 11, 1949, the Foreign Exchange Control Regulations were amended to add Sweden to the list of 'special arrangement' countries. In consequence Canadian dollars have since that time been acceptable in payment for exports to Sweden, and reasonable amounts of Canadian dollars for travel expenditure there have been authorized. Late in August, 1949, Switzerland was added to these countries.

Under the Foreign Exchange Control Act a permit from the Foreign Exchange Control Board is required for the sale of goods for export from Canada otherwise than on terms providing for payment of the fair value within six months in a currency designated in the Regulations as acceptable therefor. Until the latter part of 1948 there was little occasion for exporters to seek to export on terms other than those specified. With the growing severity of import and exchange restrictions imposed by many countries there have arisen an increasing number of cases where goods cannot be exported on the prescribed terms of payment. Where in these cases alternative proposals for payment are acceptable to foreign buyers and Canadian exporters the Board has indicated its readiness to consider applications for the necessary permits.