

to \$187,000,000, in the current surplus due to a contraction in exports. The sharpest declines occurred in exports to France, Italy and the Netherlands, and a large part of the drop was due to reductions in deliveries of ships to France—an item that was exceptionally high in 1948. Lower earnings of Canadian shipping companies carrying exports to these countries were offset by interest receipts on export credit loans.

Only a small part of the current balance with these countries was financed by capital movements from Canada in 1949. Comparatively small outflows of capital arising from liquidations of direct and other investments in Canada, redemptions of Canadian securities, and a decline in balances in Canada were partly offset by repayments by the overseas governments of principal on export credit loans. Consequently, most of the current account surplus in 1949 was settled by transfers of convertible exchange to Canada.

Transactions with the remaining group of foreign countries continued to be close to equilibrium in 1949 although with individual countries and regions within the group there were varying degrees of disequilibrium.

**Capital Movements with the United States Dollar Area.**—Capital movements between Canada and the United States were inward on balance in 1949 as in 1948. The inflow of private capital was larger in 1949 but the total net inflow in 1948 was greater because of the sale in the United States of a Government of Canada issue of \$150,000,000. A change occurred in the direction of international trading in securities resulting in net sales of outstanding securities to the United States in 1949 compared with net purchases by Canada in 1948. In addition, in 1949 inflows for direct investment were heavier as various developments of Canadian resources being financed by United States capital proceeded. While total redemptions of Canadian securities owned in the United States were greater in 1949, part of these was financed by the sale in that country of the Government of Canada issue.

### 1.—Current Account between Canada and All Countries, 1928-49

(Net Credits+: Net Debits—)

(Millions of Canadian Dollars)

Year	Current Receipts	Current Expenditures	Mutual Aid and Other Official Contributions in Current Account	Net Balance on Current Account	Year	Current Receipts	Current Expenditures	Mutual Aid and Other Official Contributions in Current Account	Net Balance on Current Account
1928.....	1,788	1,820	—	-32	1939....	1,457	1,331	—	+126
1929.....	1,646	1,957	—	-311	1940....	1,776	1,627	—	+149
1930.....	1,297	1,634	—	-337	1941....	2,458	1,967	—	+491
1931.....	972	1,146	—	-174	1942....	3,376	2,275	1,002	+99
1932.....	808	904	—	-96	1943....	4,064	2,858	518	+688
1933.....	829	831	—	-2	1944....	4,557	3,539	960	+58
1934.....	1,020	952	—	+68	1945....	4,456	2,910	858	+688
1935.....	1,145	1,020	—	+125	1946....	3,365	2,905	97	+363
1936.....	1,430	1,186	—	+244	1947....	3,746	3,661	38	+47
1937.....	1,593	1,413	—	+180	1948....	4,147	3,676	19	+452
1938.....	1,361	1,261	—	+100	1949 <sup>a</sup> ...	4,070	3,890	—	+180