

9.—Corporation Profits before Taxes (including Dividends Paid to Non-residents), by Industry, 1957-59

NOTE.—Comparable figures for the years 1954 and 1955 are given in the 1957-58 Year Book, p. 1127, and for 1956 in the 1959 edition, p. 1094.

(Millions of dollars)

Industry	1957	1958 ^r	1959	Industry	1957	1958 ^r	1959
Agriculture.....				Electric power, gas and water utilities.....	63	69	82
Forestry.....	4	4	4	Wholesale trade.....	267	241	274
Fishing and trapping.....				Retail trade.....	205	219	231
Mining, quarrying and oil wells.....	329	253	335	Finance, insurance and real estate.....	275	305	300
Manufacturing.....	1,474	1,388	1,633	Service.....	76	73	74
Construction.....	129	147	146	Adjustment.....	—	15	—24
Transportation.....	148	157	198	Totals.....	3,027	2,930	3,326
Storage.....	10	10	12				
Communications.....	47	49	61				

Section 2.—Canada's International Investment Position*

Canada is by far the world's largest importer of private long-term capital, and the tremendous capital formation which has been a feature of the 1950's has been associated with an unprecedented growth in the country's external liabilities. These investments have contributed to a rapid rate of growth in the Canadian economy, particularly in the exploitation of natural resources, and have added significantly to Canadian production, employment and income. At the same time they have added substantially to the burden of Canada's external debt and to the proportion of Canadian industry controlled by non-residents.

Canada's gross external liabilities amounted to \$24,100,000,000 at the end of 1959; non-resident-owned long-term investments in Canada had reached a book value of \$20,675,000,000, having doubled in the seven years since 1952, and the part of these investments in establishments controlled outside Canada totalled \$11,800,000,000. These foreign direct investments have been growing somewhat more rapidly than the total. Advances in other Canadian equities, although smaller, have also been substantial and there have been sharp increases in recent years in foreign holdings of Canadian bonds and debentures.

Investments of non-resident capital have been closely related to the high rate of growth in Canada and to the heavy demands placed on capital markets by this factor and by the financial needs of governments and municipalities. Large development projects have been initiated and financed by investors from other countries and the growth effects from this investment have, in turn, led to Canadian borrowing in capital markets outside of Canada. While capital inflows have been the principal source of the increased indebtedness abroad, another substantial contributor has been the earnings from non-resident-controlled branches and subsidiaries which were retained in Canada. New resource industries depending to a large extent on non-resident financing include all branches of the petroleum industry, iron ore and other mining, aluminum, nickel, pulp and paper, and chemical industries. In addition, secondary industry has also benefited from non-resident investment.

Canada's gross external assets totalled \$8,800,000,000 at the end of 1959 and government-owned assets made up a substantial part of that total. Canada's net balance of international indebtedness at the same date was estimated at \$15,300,000,000, almost half of which was incurred in the four years since 1955 and more than two-thirds in the seven years since 1952.

* Prepared in the Balance of Payments Section, International Trade Division, Dominion Bureau of Statistics. A more extended review appears in DBS report *Canada's International Investment Position, 1928 to 1954* (Catalogue No. 67-503) and more recent statistics in the annual report *The Canadian Balance of International Payments and International Investment Position* (Catalogue No. 67-201).