

record since 1950. On balance, there were significant outflows covering re-purchase of Canadian enterprises and from re-financing. In the main, the inflows continued to reflect investment by foreign corporations in their subsidiaries and branches, which contributed to new capital formation in Canada; manufacturing enterprises and petroleum and natural gas received the largest shares. The flow of direct investment abroad of Canadian capital was estimated at \$140,000,000 in 1964, little changed from the total in 1963.

Capital inflows arising from transactions in Canadian and foreign securities amounted to \$682,000,000 compared with \$471,000,000 in 1963. New issues of bonds sold to investors in the United States were the most important factor in the expanded inflow. In 1964, Canada received a net amount of \$54,000,000 under the arrangements relating to the Columbia River Treaty; the remaining capital movements in long-term forms were largely offsetting. Bank balances and other short-term funds held abroad by Canadian residents reverted in 1963 to the trend characteristic of the 1950's; in that year the net capital outflow was over \$250,000,000 and in 1964 over \$500,000,000, the latter more than offsetting substantial inflows in the form of short-term borrowing, particularly by sales finance and consumer loan companies.

Canada's external monetary assets rose by \$363,000,000 in 1964. The official holdings of gold and foreign exchange increased by \$86,000,000 and Canada's net International Monetary Fund position by \$277,000,000.

Since the shift upward at the beginning of the 1950's, direct investment inflows have been a significant ingredient in the capital account. Continuing and substantial for nearly the entire period, these receipts contributed in particular to resource development and the growth of associated industries. However, from 1956 to 1959 and again in 1963 and 1964, the inflow for direct investment, substantial though it was, was less than the inflow of portfolio capital, as some of the sharply increased demands for new capital were channelled to foreign capital markets through the sale to non-residents of new issues of Canadian bonds and debentures. Corporations, provincial governments and municipalities were all important borrowers.

15.—Current Account Transactions Between Canada and All Countries, 1946-64

(Millions of dollars)

Year	Current Receipts ¹	Current Payments ²	Balance including Mutual Aid Exports	Mutual Aid	Net Balance on Current Account indicating Net Movement of Capital
1946.....	3,365	3,002	+363	—	+363
1947.....	3,748	3,699	+49	—	+49
1948.....	4,147	3,696	+451	—	+451
1949.....	4,089	3,912	+177	—	+177
1950.....	4,297	4,574	-277	-57	-334
1951.....	5,311	5,683	-372	-145	-517
1952.....	5,858	5,494	+364	-200	+164
1953.....	5,737	5,934	-197	-246	-443
1954.....	5,520	5,668	-148	-284	-432
1955.....	6,072	6,548	-476	-223	-698
1956.....	6,621	7,830	-1,209	-157	-1,366
1957.....	6,622	7,970	-1,348	-107	-1,455
1958.....	6,579	7,568	-989	-142	-1,131
1959.....	6,855	8,296	-1,441	-63	-1,504
1960.....	7,153	8,353	-1,200	-43	-1,243
1961.....	7,769	8,716	-947	-35	-982
1962.....	8,424	9,257	-833	-41	-874
1963.....	9,285	9,804	-519	-23	-542
1964.....	10,723	11,109	-386	-47	-433

¹ Includes Mutual Aid exports.

² Excludes Mutual Aid offsets.