

of the United States investment in Canada at the end of 1963 was accumulated since 1955. At \$20,488,000,000, United States investments in the later year continued to represent more than three quarters of all non-resident investments in Canada and made up 80 p.c. of the increase since 1955. The main rise occurred in direct investments in companies controlled in the United States, which almost doubled in the 1955-63 period. In the same period, portfolio investments in Canada owned in the United States more than doubled, due mainly to large sales of new issues of securities made in that country.

British investments in Canada totalled \$3,331,000,000 at the end of 1963 and accounted for only about 14 p.c. of the total non-resident investments in Canada compared with 36 p.c. at the end of 1939 before most of the wartime repatriations. After growing each year from a low point in 1948 to 1962, the value of British investments in Canada declined slightly in 1963, reflecting in part Canadian repatriation of investments in railways and other utilities.

Investments of countries other than the United States and Britain reached a record total of \$2,384,000,000 at the end of 1963. Exceeding four times the 1953 figure, this represented a much higher rate of increase than had occurred in either United States or British investments and large increases had taken place in portfolio holdings of securities as well as in direct investments. At about 9 p.c. of the total, compared with 5 p.c. in 1953, this group of countries, mostly in Western Europe, accounted for a slightly smaller proportion of total foreign investments than in 1960 and 1961. Over 90 p.c. of the direct investments, which totalled \$943,000,000 in 1963, also came from Western Europe; more than one quarter was of Netherlands origin, with Belgian, French, Swiss and German investments making up the next largest groups.

The degree of dependence upon non-resident capital for financing Canadian investment has been relatively much less in the postwar period than in the earlier periods of exceptional expansion, even though the rise in non-resident investments has been so great. Thus, from 1950 to 1955 the net use of foreign resources amounted to about one fifth of net capital formation in Canada, and direct foreign financing amounted to about one third. But from 1956 to 1960 when these ratios had increased considerably to 33 p.c. and 45 p.c., respectively, they were still less than the corresponding ratios in the 1929 to 1930 period when inter-war investment activity was at its highest point. In that shorter period more than one half of net capital formation was financed from outside of Canada, and in the period of heavy investment before World War I an even larger ratio of investment was financed by external capital. In considering these changes it should be noted that for a decade and a half, between 1934 and 1949, Canada was a net exporter of capital and that Canadian assets abroad have been rising over a long period.

It should also be noted that the above ratios relate to the place of non-resident investments in all spheres of development including those where Canadian sources of financing predominate such as in merchandising, agriculture, housing, public utilities and other forms of social capital. Thus, non-resident financing of manufacturing, petroleum and mining has been much higher than the over-all ratios indicate and has provided the major portion of the capital investment in this field in the period since 1948. The most recent comprehensive calculation of the ratios of non-resident ownership in Canadian manufacturing, mining and petroleum is for the year 1962 and it should be noted that subsequent changes may have increased non-resident ownership even more. In that year the Canadian manufacturing industry was 54 p.c. owned by non-residents but capital subject to foreign control was 60 p.c. These proportions compared with 47 p.c. and 51 p.c., respectively, as recently as the end of 1954. In the field of petroleum and natural gas, non-resident ownership and control amounted to 63 p.c. and 74 p.c., respectively, at the end of 1962 whereas at the end of 1954 non-resident ownership and control had amounted to 60 p.c. and 69 p.c., respectively; in mining and smelting, non-resident ownership and control amounted to 63 p.c. and 58 p.c., respectively, compared with 53 p.c. and 51 p.c. in 1954. However, resident-owned Canadian capital continued to play a leading role in the financing