

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 \$125,000,000 in 1965, which was higher than in 1964 but slightly lower than in 1963.

Capital inflows arising from transactions in Canadian and foreign securities amounted to \$541,000,000 compared with \$645,000,000 in 1964. New issues of bonds sold to investors in the United States continued to be the most important factor in the inflow. Canada received \$32,000,000 under the arrangements relating to the Columbia River Treaty; the remaining capital movements in long-term forms were dominated by large net outflows arising from loans and advances under official programs to finance Canadian exports. Canada's external monetary assets rose by \$157,000,000 in 1965. The official holdings of gold and foreign exchange declined by \$11,000,000 and Canada's net International Monetary Fund position rose by \$168,000,000.

Direct investment inflows have been a significant ingredient in the capital account in the past decade. 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 to 1965, 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.

### 16.—Current Account Transactions Between Canada and All Countries, 1946-65

(Millions of dollars)

Year	Current Receipts		Current Payments			Net Balance on Current Account indicating Net Movement of Capital
	Merchandise	Other	Merchandise	Official Contributions	Other	
1946	2,398	972	1,822	97	1,083	+ 363
1947	2,723	1,025	2,835	38	1,126	+ 49
1948	3,030	1,117	2,598	23	1,075	+ 451
1949	2,989	1,100	2,696	6	1,210	+ 177
1950	3,139	1,143	3,132	5	1,469	- 319
1951	3,950	1,342	4,101	9	1,694	- 512
1952	4,339	1,534	3,854	16	1,818	+ 187
1953	4,152	1,587	4,212	25	1,950	- 448
1954	3,934	1,598	3,916	11	2,029	- 424
1955	4,332	1,749	4,543	24	2,201	- 687
1956	4,937	1,795	5,565	30	2,409	- 1,372
1957	4,894	1,742	5,493	40	2,559	- 1,451
1958	4,890	1,704	5,068	53	2,612	- 1,137
1959	5,151	1,725	5,572	72	2,719	- 1,487
1960	6,392	1,787	5,540	61	2,811	- 1,233
1961	5,889	1,934	5,716	58	2,979	- 928
1962	6,387	2,077	6,203	38	3,055	- 830
1963	7,082	2,230	6,579	65	3,189	- 521
1964	8,238	2,556	7,537	69	3,612	- 424
1965	8,745	2,753	8,627	92	3,867	- 1,083