

of its foreign subsidiary. Capital inflows of \$645,000,000 in 1964 from transactions in Canadian and foreign securities matched the volume of the late 1950s but declined to \$546,000,000 in 1965 and \$303,000,000 in 1966, notwithstanding the rise in the sale of new Canadian bonds and debentures. An official request to Canadian borrowers in late 1965 for deferment of delivery of the proceeds of sales in the United States helped to boost the capital inflow from new issues of bonds and debentures to more than \$1,400,000,000 in 1966. In partial offset, retirements of Canadian bonds and debentures rose to about \$500,000,000, including some \$150,000,000 of special repurchases of government securities under the undertaking to the United States on a target level of Canada's foreign exchange reserves. There was also a substantial outflow of \$418,000,000 mainly from purchases of outstanding United States stocks from residents of that country, together with bonds of the International Bank for Reconstruction and Development. Canada's external monetary assets declined by \$359,000,000 in 1966. The official holdings of gold and foreign exchange contracted by \$462,000,000, while Canada's net International Monetary Fund position rose by \$103,000,000, about one half of this being due to the transfer of gold from the official holdings to meet an increase in the IMF quota.

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 to 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, 1947-66

(Millions of dollars)

Year	Current Receipts		Current Payments			Net Balance on Current Account indicating Net Movement of Capital
	Merchandise	Other <sup>1</sup>	Merchandise	Official Contributions	Other <sup>1</sup>	
1947	2,723	1,025	2,535	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	1,148	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	1,816	+ 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	4,837	1,795	5,565	30	2,409	- 1,372
1957	4,894	1,742	5,488	40	2,559	- 1,451
1958	4,890	1,704	5,066	53	2,612	- 1,137
1959	5,151	1,725	5,572	72	2,719	- 1,487
1960	5,392	1,787	5,540	61	2,811	- 1,233
1961	5,889	1,934	5,716	56	2,979	- 928
1962	6,387	2,077	6,203	36	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	2,775	8,627	93	3,930	- 1,130
1966	10,326	3,033	10,102	162	4,232	- 1,137

<sup>1</sup> Includes mutual aid to NATO countries.