

20.—Current Account Transactions Between Canada and Britain, 1960-66—concluded

Item	1960	1961	1962	1963	1964	1965*	1966
Current Payments—							
Merchandise imports (adjusted).....	611	593	578	521	584	624	664
Travel expenditures.....	70	71	71	70	80	89	94
Interest and dividends.....	83	87	85	82	104	114	97
Freight and shipping.....	89	93	88	94	89	86	88
Inheritances and emigrants' funds.....	25	23	18	15	24	30	30
All other current payments.....	101	99	101	102	124	110	126
Totals, Current Payments.....	979	966	941	884	1,005	1,053	1,099
Current Account Balance.....	+169	+195	+225	+417	+605	+505	+421

Section 5.—Canada's International Investment Position*

Canada's balance of international indebtedness reached a book value of approximately \$24,000,000,000 by the end of 1967, a sixfold increase over the past decade. Long-term foreign investment in Canada was approaching \$34,000,000,000 and other claims of non-residents added about \$5,000,000,000 to Canada's liabilities. Canadian assets abroad had a total book value of \$15,000,000,000, including long-term investments amounting to about \$9,000,000,000.

The balance of international indebtedness is a phrase generally accepted in balance of payments terminology to include equity investments as well as contractual borrowings. Its size and character have a considerable influence on Canada's balance of payments. This is true not only through the servicing of capital involving interest, dividends and miscellaneous income payments, but also through the influence of foreign investment on the Canadian economy and on the shape and direction of its external demands.

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

Canada's gross external liabilities amounted to \$35,400,000,000 at the end of 1965; non-resident-owned long-term investments in Canada reached a book value of \$29,400,000,000 (in the two decades following World War II their value quadrupled). The part of these investments in enterprises controlled outside of Canada totalled \$17,200,000,000. There was a sharp expansion in direct investments in 1965 following the more moderate rates of growth recorded in recent years. Investments in other Canadian equities, although smaller, were also substantial, and there were periods in recent years of sharp increase 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

* This review covers Canada's international investment position in 1965, although a few estimated totals for 1967, available at the time of writing are included in the first paragraph and under the heading "Canada's Assets Abroad". An extended historical review appears in DBS report *Canada's International Investment Position, 1926 to 1954* (Catalogue No. 67-503) and more recent statistics in the annual report *Canadian Balance of International Payments and International Investment Position* (Catalogue No. 67-201). Additional detailed material will be found in the annual report under the Corporations and Labour Unions Returns Act.