

Canada, and less costly registration requirements there than in North America, provided additional incentives drawing Canadian borrowers to offshore markets.

Trading in outstanding Canadian bonds and debentures also reached a record high during 1975 with net sales of \$302 million, \$26 million higher than in 1974 but only marginally above the previous record of \$292 million which occurred in 1972.

Retirements of Canadian securities during the year resulted in a net outflow of \$691 million, \$65 million more than in 1974 but \$50 million below the 1973 figure. Sales in Canada of new foreign securities amounted to \$69 million. Retirements of foreign securities held by Canadians were estimated at \$12 million and transactions in outstanding foreign securities resulted in a net inflow of \$18 million.

Other capital flows in long-term forms are, for the most part, composed of advances in respect of Canada's aid program, long-term loans, mortgage investments, movements of insurance funds and certain migrants' capital. Development assistance outflows in the form of soft loans and subscriptions from the Canadian government to developing countries and international development agencies totalled \$378 million of which 70% was in the form of bilateral loans.

Repayments on outstanding postwar loans led to a net capital inflow of \$40 million, up \$2 million from the previous year's inflow.

The financing of medium- and long-term export credits extended directly or indirectly at the risk of the Canadian government resulted in a net capital outflow of \$397 million, down substantially from the record outflow of \$588 million in 1974.

Other capital movements in long-term forms consisted of bank and other long-term loans, mortgage investments, movements of insurance funds, and deferred migrants' capital, representing funds left abroad by migrants at the time of their migration. Transactions in these forms led to a net capital inflow of \$134 million, down \$85 million from the 1974 figure.

Capital movements in short-term forms resulted in a net inflow of \$455 million, down \$200 million from the net inflow recorded in 1974. In the first quarter alone, the net inward movement of short-term capital amounted to \$1.3 billion, followed by a net outflow in the rest of the year. Taken together, the operations of the chartered banks in both Canadian and foreign currencies and trading in the Canadian money market gave rise to heavy inflows of short-term capital. These inflows were reduced somewhat by other short-term capital transactions which gave rise to a net outflow of funds.

Net foreign currency claims of the Canadian chartered banks on non-residents decreased, leading to a net capital inflow of \$88 million, a substantial swing from the net outflow of \$1,354 million reported in 1974.

Increased holdings of Canadian dollar deposits by non-residents led to a net capital inflow of \$557 million, down slightly from the record inflow of \$592 million in 1974.

Trading in money market paper (consisting of Government of Canada treasury bills, commercial paper, finance company paper and other short-term paper) produced a net inflow of \$442 million, up substantially from the net inflow of \$154 million recorded in 1974. There were net inflows of \$217 million in finance company paper, of \$147 million in other short-term paper, of \$41 million in commercial paper and of \$37 million in Government of Canada treasury bills.

An increase in foreign currency assets held abroad by the Canadian non-bank sector led to a net capital outflow of \$236 million, a substantial shift from the net inflow of \$1,590 million recorded in 1974 when residents made a significant reduction in their foreign assets.

Government of Canada demand notes held by international investment agencies produced a net capital outflow of \$4 million as international agencies decreased their holdings of these non-interest bearing non-negotiable notes received as part of Government of Canada loans and subscriptions.