

residents purchasing on a large scale foreign-owned assets in Canada. The repatriation of these assets, which was mainly in the petroleum sector, gave rise to a net outflow of \$721 million. This was largely offset by a net inflow of \$638 million for other special transactions. Part of this inflow was accounted for by the purchase of the minority interests in Canadian Superior Oil Ltd. by Superior Oil Co. and by the contractual conversion of short-term debt to a long-term liability.

Canadian direct investment abroad amounted to a net outflow of \$1,855 million, down from the 1978 high of \$2,010 million. Most of the 1979 net outflow was for working capital or capital formation requirements. Among the largest unusual transactions were inflows resulting from the sale in the first half of the year of the main Brazilian subsidiary of Brascan Ltd. and the Norwegian subsidiary of Aluminum Co. of Canada Ltd. (Alcan).

For the year as a whole, new issues sold abroad amounted to \$5,104 million, down from \$6,591 million in 1978. Part of these inflows was accounted for by the Government of Canada which placed abroad new bond issues in foreign currencies amounting to \$2.3 billion in 1978 and \$715 million in 1979. The exclusion of these foreign currency borrowings by the Government of Canada would leave the total amount raised in foreign bond markets by other borrowers at approximately \$4.2 billion in both 1978 and 1979. Retirements of Canadian securities held by non-residents resulted in a record net outflow of \$1,719 million, compared with \$1,191 million in 1978. Trade in outstanding Canadian securities gave rise to a net inflow of \$823 million, a turnaround from the net outflow of \$361 million in 1978.

Transactions in foreign securities resulted in a net outflow of \$542 million, a swing from a net inflow of \$42 million in 1978.

Development assistance in concessional loans from the Canadian government to developing countries and international agencies led to a net outflow of \$549 million, about the same level as in 1978. Of this total, \$321 million went to international agencies (of which two-thirds went to the World Bank group) and \$228 million to developing countries. Repayments by foreign governments amounted to \$33 million, the bulk of it accounted for by the United Kingdom. The financing of medium- and long-term export credits, extended directly or indirectly at the risk of the Canadian government in the fourth quarter, resulted in a net outflow of \$780 million, slightly lower than the net outflow of \$808 million in 1978.

Other capital movements in long-term forms led to a net inflow of \$1,960 million, compared to \$1,389 million in 1978. As in 1978, the bulk of this net inflow was accounted for by borrowing by the different levels of governments in medium-term credits from foreign banks (of which \$211 million in 1978 and \$888 million in 1979 were borrowed by the Government of Canada).

Short-term capital movements gave rise to a record net inflow of \$7.9 billion, up \$7.4 billion from the previous year. Net inflows were recorded in every major sector with the Canadian banks accounting for \$4.4 billion and the money market for \$548 million of this total. The offset to the borrowing by the authorities from the Canadian chartered banks gave rise to an inflow of \$1.3 billion.

### **Official international monetary assets and liabilities**

23.4.3

Net official monetary assets, excluding valuation adjustments, increased by \$1,919 million, as a decrease of \$847 million in reserve assets was more than offset by repayments of \$2,766 million of the borrowing by the Government of Canada from foreign and Canadian banks. Valuation adjustments increased the value of the reserves by \$52 million. These adjustments represent the effect on the Canadian dollar value of the reserves of changes in the value of the Canadian dollar vis-à-vis other currencies and Special Drawing Rights and the revaluation to market prices of gold transactions between the mint and the exchange fund account.

### **Foreign exchange**

23.5

The dollar was established as the official currency of the united provinces of Canada in January 1858, and extended to cover the new dominion by the Uniform Currency Act