

21.33). Of this amount some \$26.4 billion was in the form of direct investment in Canadian enterprises. Investments of a portfolio nature, although smaller, were also substantial.

Dependence on external sources of capital for financing in periods of heavy investment activity has been characteristic of Canadian development. During the exceptional growth period that occurred before World War I, non-resident investment was very high and the main source of that investment was the United Kingdom. However, during the first part of the interwar period, the United States became the principal source of external capital and by 1926 the portion of Canada's international debt owned in the United States exceeded that owned in the United Kingdom. With some interruption during the 1930s, US investment in Canada continued to increase, particularly after 1947 when a period of intense activity in the petroleum industry got under way. At \$35.0 billion, US long-term investments in 1970 represented about 79.3% of all non-resident long-term investment in Canada, the main component being direct investment of some \$21.4 billion or 61.3% of total US long-term investment in Canada.

Long-term investments in Canada by residents of the United Kingdom totalled \$4.0 billion at the end of 1970. As a proportion of total non-resident investments in Canada the British share was about 9%, well below their 36% share at the end of 1939 before wartime repatriations. After reaching a low point in 1948 the value of UK investments in Canada increased each year to 1962, declined slightly in 1963, partly as a result of Canadian repatriation of investments in railways and further provincial takeover of other utilities, then increased again in subsequent years.

Long-term investments by residents of countries other than the United States and the United Kingdom amounted to \$5.1 billion at the end of 1970. This investment was over twice as large as a decade earlier, outpacing both the US and the UK in terms of growth. It represented over 11.5% of total foreign long-term investment in Canada in 1970 as compared to just under 10% in 1968. Of the \$2.5 billion direct investment in 1970 by this group of countries, about \$2.0 billion, or 80%, originated in Europe, mainly the Netherlands, France and Switzerland.

21.5.2 Foreign investment in Canadian industry

Foreign investment in Canadian industry is measured both in terms of the absolute dollar value of foreign capital in each industry and the percentage of capital controlled by non-residents in each industry. In 1970, 53% of capital employed in Canadian manufacturing was owned by non-residents, up one percentage point from 1967; the percentage of capital subject to foreign control was 61%, up three percentage points from 1967. These data are based on information gathered for enterprises (groups of commonly controlled companies). For data on Canadian and foreign control in the manufacturing industries based on a distribution of individual establishments or plants, see Chapter 17, Section 17.2 where the differences between types of data on national ownership are discussed briefly.

In the petroleum and natural gas industry, non-resident ownership and control amounted to 61% and 76%, respectively, compared with 62% and 74%, respectively, in 1967. In other mining and smelting at the end of 1970 non-resident ownership and control ratios were 59% and 70%, respectively, in comparison to 61% and 65% for 1967. From 1967 to 1970 total capital employed in these industries rose by some \$8.5 billion to \$43.9 billion. The percentage of capital owned by non-residents rose by less than one percentage point over this period whereas the percentage of capital controlled by non-residents rose in excess of three percentage points.

Canadian capital continued to play a predominant role in the financing of several areas of business such as merchandising, railways and other public utilities. Over the broad spectrum of business activity including manufacturing, petroleum, mining, merchandising, construction and all utilities the proportion of non-resident ownership remained constant at 35% from 1967 to 1970 while the share of capital invested in Canadian industries that was subject to foreign control rose by one percentage point to 36%. From 1948 to 1967 foreign ownership rose by about three percentage points while foreign control rose by approximately 10 percentage points.

21.5.3 Canadian assets abroad

Although there has been considerable growth in non-resident investment in Canada and in the balance of Canadian indebtedness to non-residents, Canadian assets abroad have risen