

At the end of World War II Canada's net international indebtedness was \$3.9 billion, and the increase since that time is \$7.1 billion.

The most important factor contributing to the growth of Canadian external indebtedness has been a rapid rise in non-resident owned long-term investments in Canada. These amounted to \$17.1 billion at the end of 1957, having more than doubled since 1949, and they accounted for most of the gross liabilities of \$18.5 billion shown in the balance indebtedness. Direct investments in Canadian enterprises controlled by non-residents were approaching \$10 billion in book value at the end of 1957 and equity portfolio investments exceeded \$2.5 billion. The high proportion of non-resident owned investments in Canada which represent ownership in Canadian enterprises rather than debt is one of the outstanding features of Canada's international investment position. But the last few years have also seen recourse to foreign capital markets by Canadian borrowers on a significant scale, and portfolio holdings abroad of Canadian bonds and debentures in 1957 passed the levels of the early thirties.

Long-term investments in Canada by non-residents grew by about \$1.5 billion or 10 per cent during 1957. This followed the unprecedented increase of \$2.1 billion in 1956 which represented a growth of 15 per cent in the single year. In the five years ending with 1957 these investments have increased in value by about two-thirds. The over-whelming part of this growth was from the United States which accounted for 73 per cent. Growth of British investments in Canada accounted for 15 per cent of the total increase, and growth of investments of other overseas countries for 12 per cent.

The dependence of Canada upon the United States as a source of external capital has increased in recent decades, and United States owned investments of \$12,900 million in 1957 now account for 76 per cent of all non-resident owned long-term investments. This proportion has risen from 61 per cent in the early thirties. United States investors now own nearly 80 per cent of external portfolio holdings of Canadian bonds and debentures compared with nearly 60 per cent in the earlier period, and their share of direct investments and equity portfolio investments has risen from about two-thirds to more than three-quarters of the total. British investments account for 17 per cent and other countries for 7 per cent of all non-resident owned investments in Canada.

In the five-year period since 1952 United States long-term investments in Canada increased 61 per cent, British investments 55 per cent and other overseas countries investments 156 per cent. In 1957 the most rapid rate of growth was in the other overseas group which increased 16 per cent to \$1,285 million.

British investments increased 10 per cent and United States investments 9 per cent.

While long-term investments in Canada by residents of the United States and of overseas countries other than the United Kingdom have each been reaching successive new records for some years, recent rapid growths of British investments in Canada to \$2,915 million in 1957 have only recently overtaken in value the levels estimated to have been reached at the time of World War I, and again in the early thirties.

Over the period 1950 to 1955 Canada's net use of foreign resources amounted to one-fifth and direct foreign financing to one-third of net capital formation. And for the years 1956 and 1957, during which tremendous capital formation occurred, these ratios rose to one-third and more than two-fifths, respectively.

#### FOREIGN OWNERSHIP & CONTROL

The proportion of the manufacturing, mining and utilities industries taken as a group which are non-resident owned has remained relatively unchanged at 32 per cent since the estimate for 1948. But foreign ownership of manufacturing (including petroleum refining) has risen in this period from 42 per cent to 49 per cent, or by about one percentage point each year. Mining and smelting (including petroleum exploration and development companies) owned by non-residents has grown from 39 per cent in 1948 to 62 per cent of the total industry in 1955 or by an average of some 3 percentage points each year. But the relative decline in non-resident ownership of railways and other utilities has been sufficient to maintain a stable ratio of 32 per cent for non-resident ownership of all these industries. Ownership by residents of the United States accounted for 25 per cent.

In contrast to the relative stability of foreign ownership of these industries taken as a whole, there has been a sharp growth in the proportions controlled by non-residents. For the group, the proportion has risen from 25 per cent in 1948 to 30 per cent in 1955; these ratios are both greatly reduced by the inclusion of railways and other utilities large parts of which are government enterprises. For manufacturing (including petroleum refining) the proportion controlled by non-residents rose from 43 per cent in 1948 to 57 per cent in 1955, and in the case of mining and smelting (including petroleum exploration and development companies), the increase was from 40 per cent to 66 per cent of the total.

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#### ATTENDANCE RECORD

A new attendance record was set at the National Parks of Canada this summer when a total of 3,311,928 visitors entered the 18 scenic parks across Canada during the five