

At the hearings before the Federal Power Commission, Trans-Canada said repeatedly that, rather than accept the Northern Natural alternative, it would loop its present line through Northern Ontario. This would also have been its only course of action if the Federal Power Commission had rejected both the Great Lakes application and that of Northern Natural. By the terms of the National Energy Board's recommended decision, approval of the Canadian aspects of the Great Lakes project would have been contingent upon the Federal Power Commission approving the applications of Great Lakes and associated companies without material change.

"This has been a difficult decision in a very complex matter," the Prime Minister said. "However, the gas-transmission industry is a public utility on a vast scale, and is important to Canadian national well-being. The development of its main links between West and East should, we believe, remain wholly under Canadian jurisdiction.

SALES OF SECURITIES

Canada's international transactions in outstanding securities in May gave rise to a net capital outflow of \$57.2 million. This exceptionally large purchase balance comprised net outflows of just over \$49.7 million to the United States, \$4.0 million to Britain and \$3.5 million to other countries. The substantial increase over April's high figure of \$40.0 million, is chiefly explained by heavier buying of United States equities.

CANADIAN SECURITIES

The net outflow for the repurchase of outstanding Canadian securities, at \$19.2 million, showed a small decline over April's \$21.7 million. Repatriation of Canadian equities climbed to \$15.1 million, the highest level in five months, while the net outflow for the purchase of Canadian bonds and debentures

fell from \$10.5 million in April to \$4.1 million in May, mainly as a result of a sharp contraction in net purchases of direct issues of the Government of Canada.

FOREIGN SECURITIES

The net capital outflow arising from transactions in outstanding foreign securities increased significantly from April's high level of \$18.3 million to a new peak of \$38.0 million. Large net purchases of \$36.9 million from United States residents accounted for the bulk of this movement, although small outflows of some \$0.6 million were also directed to Britain and other countries. Trading in United States common and preference stocks continued to expand; gross dealings in May totalled \$184 million compared to April's \$173 million and \$89 million a year ago, while net purchases reached \$32.9 million compared to \$13.5 million in April.

During the first five months of 1966, Canadian residents purchased, on balance, some \$167 million of outstanding securities from abroad, significantly more than the \$139 million for the corresponding period of 1965. Net capital outflows of \$138 million, \$18 million and \$11 million were recorded to the United States, Britain and other countries respectively.

The outflow from transactions in outstanding Canadian securities at \$65 million was just over half that recorded in the corresponding period of 1965. In the first five months of 1966 there was a substantial decline in the repatriation of foreign-held Canadian common and preference stocks partially offset by increased net sales to non-residents of outstanding Canadian bonds and debentures. In the period under review, net purchases of outstanding foreign securities totalled \$102 million, a sevenfold increase over the figure for the corresponding period of 1965. In the main, this movement stemmed from an extraordinarily large rise in net purchases of United States common and preference stocks, which accounted for an outflow of \$87 million in 1966, in contrast with an outflow of \$15 million in the first five months of 1965.