

UNITED KINGDOM OVERSEAS INVESTMENTS 1952

Bank of England, 1954

This paper continues a series of estimates first published by the Bank in October, 1950, in a pamphlet entitled "United Kingdom Overseas Investments, 1938 to 1948" and continued in subsequent years in papers issued in connection with the Bank's Annual Report.* The scope of the investigation, the methods of compilation of the estimates and the composition of the different classes of investments were fully described in the original pamphlet, to which reference should be made. Certain definitions, which have a particular bearing on the interpretation of the figures, are here re-stated in summary form.

The estimates cover the investments of residents of the United Kingdom through the medium of securities quoted on, or otherwise known to, the London Stock Exchange; they include U.S. and Canadian dollar market securities formerly registered with the Bank under Exchange Control regulations.

Capital values are nominal, which is a convenient basis for investigating changes in ownership, although it gives little indication of the realisable value of investments from time to time. The conversion into sterling of the nominal amounts of securities denominated in other currencies has been made at the rates of exchange current at the end of each year.

Government and municipal loans are classified by debtor country, not by currency, and overseas-registered companies are classified by country of operation, not by country of registration.

The selection of U.K.-registered companies is limited to those operating entirely, or predominantly, abroad and excludes a number whose activities are divided between home and abroad. Among those excluded are all insurance and shipping companies. In consequence, an important part of U.K. direct, or controlled, investments overseas is omitted from the estimates. It should, however, be clear that nearly all the U.K.-registered companies that are included, as well as some overseas-registered companies, fall into the category of direct investments.

The amounts of interest and dividends are gross of U.K. tax. In the case of U.K.-registered companies entitled to Double Taxation Relief, gross dividends as declared include some overseas taxation. For this reason, and because the investigation neither covers

* Copies of the original pamphlet may be obtained from the Secretary, Bank of England, price 2/- a copy, post free, and a limited number of copies of the supplementary papers, issued in 1951, 1952 and 1953, are also available.

the whole field of U.K. overseas investment nor takes account of undistributed profits, the figures of interest and dividends are not comparable with figures of investment income contained in official studies of the national Balance of Payments.

The information contributed voluntarily to assist this investigation by registrars of all kinds—banks, issuing houses and public companies—is again gratefully acknowledged.

A summary of the nominal capital values of the investments at the end of 1950, 1951 and 1952 follows.

<i>£ millions</i>		1950	1951	1952
END OF YEAR				
Government and Municipal Loans	...	789	769	781
U.K. Companies: Share Capital	...	583	567	580
„ „ : Loan Capital	...	106	88	78
Overseas Companies: Share Capital	...	376	389	380
„ „ : Loan Capital	...	165	170	167
TOTAL		<u>2,019</u>	<u>1,983</u>	<u>1,985</u>
In Commonwealth Countries	... ..	1,133	1,125	1,123
In Foreign Countries	... ..	750	712	708
Not classifiable by Area	... ..	137	146	153

During 1952 the nominal value of U.K. investments increased by £2 million. Details by countries are given in Table I, which also shows particulars of net new investment, comprising new issues, net market purchases identified as being from residents of the debtor country and capital written up less redemptions, net market sales identified as being to residents of the debtor country and capital written off. Net new investment so defined amounted to over £32 million nominal but, owing partly to the capitalisation of reserves included in the figures, the corresponding cash investment was only £16 million. The sterling value of securities denominated in Canadian dollars increased by £3 million owing to a small rise in the value of the Canadian dollar. The residual decrease of £33 million nominal, representing net sales through the market to unidentified non-residents and including errors and omissions, is estimated to have had a cash value of £49 million. Thus, although there was a rise of £2 million in the nominal capital outstanding, the net effect of the various transactions involved was a cash receipt of £33 million.

Gross new investment in 1952, which excludes conversions, amounted to £88 million nominal and £60 million cash. There were £21 million of capitalisation issues, of which £14 million were made by U.K.-registered oil companies, appearing in Table V. New investment in Commonwealth countries came to £50 million nominal, the largest amounts going to East and Central Africa and, on a smaller scale, to the British West Indies and Pakistan. Substantial investments in Australia, South Africa and India were made also but were offset by repayments and market sales. New investment in foreign countries was £27 million nominal. Of this total £20 million represented net additions to the nominal value of U.K. holdings of U.S. domestic securities, partly acquired by the investment of the proceeds of sales

of non-domestic U.S. dollar securities, of other currency securities saleable on the U.S. market and of certain foreign currencies.

Gross repayment in 1952, also excluding conversions, came to £56 million nominal and £44 million cash. Repayment by Commonwealth countries was £31 million nominal. There were redemptions of government and municipal loans on a large scale by Australia and, to a smaller extent, by India, Canada and New Zealand. Repayment by foreign countries came to £24 million nominal but the corresponding cash receipt was only £8 million; for example, investments in Mexico, Cuba, Brazil, Rest of South America and Rest of Europe were reduced owing to company re-organisations.

The total of interest and dividends, which reached its highest figure in this series of estimates in 1951, fell by £6 million to £154 million in 1952. Japan recommenced payment of interest, with arrears, on its external sterling and dollar bonded debt at the end of the year. This was the main cause of a slight rise, less than £1 million, in interest on government and municipal loans and the loans of overseas-registered companies. Interest on U.K.-registered companies' loans was lower, mainly because of some payments of arrears in 1951. Practically the whole of the fall of £6 million took place in share dividends, £4 million in dividends of U.K.-registered companies and £2 million in those of overseas-registered companies. Lower dividends declared by rubber, tea and many mining companies affected the figures of income from British Central Africa, South Africa, India, Ceylon and Malaya. Higher dividends were paid by oil companies, in some cases on increased share capital; these appear mainly under Not Classifiable.

A summary of interest and dividends, in a similar form to that given above for nominal capital, is as follows:—

£ millions	1950	1951	1952
Government and Municipal Loan Interest ...	20.7	20.0	20.3
U.K. Companies: Share Dividends	74.3	83.8	80.1
" " : Loan Interest	2.7	3.2	2.4
Overseas Companies: Share Dividends	41.9	47.6	45.8
" " : Loan Interest	4.2	4.7	5.1
TOTAL	<u>143.8</u>	<u>159.4</u>	<u>153.8</u>
From Commonwealth Countries	92.1	101.1	92.4
From Foreign Countries	32.3	36.2	35.1
Not classifiable by Area	19.5	22.2	26.3

During the compilation of the 1952 estimates those for 1951 have been revised, in the light of the later information available. Many of the revisions represent re-classification of investments by countries without affecting the amount of the investments; for example, investments previously shown under South Africa have been transferred to East and Central Africa, others from Pakistan to India and from Not Classifiable and Rest of South America to British West Indies. The largest amendments of the amounts of the estimates affect the figures of companies registered abroad operating in France and Rest of Europe. The result of all revisions was to reduce the estimate of total nominal capital at the end of 1951 by £2 million, the total of interest and dividends remaining unchanged.

I—ALL SECURITIES: BY COUNTRIES

£ millions

	NOMINAL CAPITAL		INTEREST & DIVIDENDS		NET NEW INVESTMENT IN 1952 ⁽¹⁾	
	End 1951	End 1952	1951	1952	Nominal	Cash
COMMONWEALTH COUNTRIES						
British West Africa	44	43	5.4	5.2	— .6	*
Anglo-Egyptian Sudan	8	7	.4	.3	— 1.1	— 6.0
British East Africa	26	38	2.0	2.2	14.6	14.2
British Central Africa	98	103	14.3	13.7	7.7	7.2
South Africa	161	160	21.1	20.8	3.8	6.1
India	63	62	7.2	6.4	— .8	— 3.0
Pakistan	8	9	1.0	1.3	.9	— .2
Ceylon	25	25	3.2	2.3	— .5	— .7
Malaya	70	70	15.5	10.2	— .6	— .7
Australia	362	348	16.9	15.7	— 3.8	— 4.4
New Zealand	64	62	2.6	2.6	*	*
Canada	157	154	8.4	8.4	— 4.7	— 9.0
British West Indies	31	34	2.2	2.4	2.9	1.0
Other	9	9	.9	.9	.6	.6
	1,125	1,123	101.1	92.4	18.6	5.1
FOREIGN COUNTRIES						
Irish Republic	24	27	1.1	1.1	1.4	1.4
France	7	6	.6	.6	— .4	— .6
Germany	44	44	*	*	—	—
Austria	7	7	.1	.1	— .5	— .2
Denmark	6	6	.3	.3	— .3	— .3
Norway	7	6	.2	.2	— .1	— .1
Hungary	15	15	—	—	— .1	—
Roumania	14	13	—	—	— 1.2	—
Greece	24	24	*	*	—	—
Rest of Europe	48	46	2.9	2.8	— .1	.5
Burma	10	10	1.0	.7	— .2	— .2
China	36	36	.1	.1	*	*
Japan	46	45	.1	1.0	—	—
Indonesia	20	20	.7	1.0	— .3	— .1
Egypt	9	9	3.3	3.2	.2	— .2
U.S.A.	125	144	15.5	14.9	19.6	13.9
Mexico	38	35	1.6	1.6	— 1.4	— 1.1
Cuba	24	16	.1	*	— 7.2	*
Argentina	38	37	1.2	.8	— 1.0	— 1.0
Brazil	46	43	2.4	1.9	— 2.6	— 1.8
Chile	37	35	1.0	.8	— 1.1	— .6
Peru	22	21	.4	.6	.1	— .4
Uruguay	5	5	.2	.2	— .1	— .1
Rest of South America	28	26	1.4	1.4	— 1.8	— .1
Other	33	32	2.0	2.0	.2	*
	712	708	36.2	35.1	3.1	9.0
NOT CLASSIFIABLE	146	153	22.2	26.3	10.7	1.6
TOTAL	1,983	1,985	159.4	153.8	32.5	15.8

(1) A minus sign indicates Net Repayment. In previous papers the corresponding columns have been headed "Net Capital Repayment" with Net New Investment indicated by a minus sign.

II—GOVERNMENT AND MUNICIPAL LOANS: BY COUNTRIES

£ millions	NOMINAL				NOMINAL						
	CAPITAL		INTEREST		CAPITAL		INTEREST				
	End 1951	End 1952	1951	1952	End 1951	End 1952	1951	1952			
COMMONWEALTH COUNTRIES				FOREIGN COUNTRIES							
British West Africa ...	10.3	8.9	.3	.3	Irish Republic ...	20.3	23.0	.8	.8		
British East Africa ...	13.1	23.5	.4	.6	Germany ...	38.7	38.5	—	—		
British Central Africa	59.2	65.1	1.6	1.8	Austria ...	6.7	6.3	.1	.1		
South Africa ...	33.0	30.8	1.2	1.3	Denmark ...	4.2	3.8	.2	.2		
India ...	3.6	2.4	.2	.2	Norway ...	6.5	6.0	.2	.2		
Ceylon ...	2.6	2.4	.1	.1	Hungary ...	9.9	9.9	—	—		
Malaya ...	4.9	4.9	.1	.1	Roumania ...	11.4	11.4	—	—		
Australia ...	300.8	290.3	10.1	9.6	Greece ...	20.3	20.2	—	—		
New Zealand ...	52.4	50.4	1.8	1.7	Rest of Europe ...	17.1	16.4	.4	.3		
Canada ...	14.7	12.5	.5	.5	China ...	33.3	33.2	—	—		
British West Indies ...	6.7	6.6	.2	.2	Japan ...	40.7	40.6	—	.6		
Other ...	7.4	7.5	.3	.3	U.S.A. ...	4.4	24.2	.1	.3		
	508.7	505.4	16.8	16.7	Central America ...	1.3	.9	*	*		
					Argentina ...	2.5	1.6	.1	.1		
					Brazil ...	15.4	14.2	.4	.4		
					Chile ...	16.5	15.0	.4	.4		
					Uruguay ...	3.5	3.5	.1	.1		
					Rest of S. America ...	3.8	3.0	*	*		
FOREIGN COUNTRIES	260.7	275.8	3.2	3.6	Other ...	4.0	4.0	.2	.2		
TOTAL ...	769.4	781.2	20.0	20.3		260.7	275.8	3.2	3.6		

GENERAL NOTES TO THE TABLES

All figures are given correct to the nearest final digit; for this reason the sum of the separate items will sometimes differ from the total as shown.

* indicates a figure less than £50,000.

— indicates nil.

.. indicates not separately specified.

The geographical areas and the types of company were defined in "United Kingdom Overseas Investments, 1938 to 1948".

III—U.K.-REGISTERED COMPANIES: BY COUNTRIES

£ millions	NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST		
	End	End	1951	1952	End	End	1951	1952	
	1951	1952	1951	1952	1951	1952	1951	1952	
COMMONWEALTH COUNTRIES									
British West Africa	34.0	33.5	5.1	4.9	..	..	..	..
British East Africa	8.6	8.4	1.3	1.1	—	—	—	—	
British Central Africa	30.8	30.3	12.3	11.3	3.6	3.6	.1	.2	
South Africa	24.3	25.8	2.7	2.8	1.8	1.5	.1	.1	
India	45.2	46.8	6.3	5.6	10.5	9.0	.5	.4	
Pakistan	7.4	8.6	.9	1.2	.6	.5	*	*	
Ceylon	22.4	22.0	3.1	2.2	.4	.4	*	*	
Malaya	61.3	61.5	14.4	9.4	1.6	1.5	.1	.1	
British North Borneo... ..	2.7	2.8	.4	.3	*	*	—	—	
Australia	33.4	33.3	4.1	4.0	6.4	6.1	.2	.2	
New Zealand	5.8	5.8	.5	.6	1.9	2.0	.1	.1	
Canada	6.4	5.9	.5	.5	.9	.9	.4	*	
British West Indies	12.9	13.8	1.8	2.0	3.1	3.3	.1	.1	
Other	3.7	3.1	.4	.4	2.6	2.4	.1	.1	
	299.0	301.6	53.8	46.3	33.5	31.3	1.8	1.3	
FOREIGN COUNTRIES									
Irish Republic	1.3	1.4	.1	.1	—	—	—	—	
Rest of Europe	21.7	21.5	2.1	1.9	4.3	3.3	.1	.1	
Burma	6.9	9.3	1.0	.7	.2	*	*	*	
China	2.3	2.2	—	—	—	—	—	—	
Indonesia	18.3	18.1	.6	.8	1.7	1.6	.1	.1	
Egypt	2.1	2.4	.3	.3	..	..	..	..
Mexico	3.5	3.0	.8	.9	.5	.3	—	—	
Cuba	10.7	9.8	*	*	..	..	..	..
Central America	2.7	2.7	*	*	1.6	1.6	*	*	
Argentina	20.9	20.9	1.0	.7	11.5	11.4	*	*	
Brazil	9.7	8.7	.6	.6	2.9	2.8	.6	.1	
Chile	9.2	9.2	.2	.2	2.4	2.3	.1	.1	
Peru	15.0	15.2	.2	.2	..	..	..	..
Uruguay	1.3	1.3	.1	*	..	..	..	..
Rest of South America	14.0	14.2	1.2	1.3	11.7	11.3	.3	.4	
Other	14.9	14.6	1.5	1.7	14.7	8.9	.1	.1	
	154.5	154.3	9.7	9.4	51.3	43.6	1.3	1.0	
NOT CLASSIFIABLE	113.4	123.7	20.3	24.3	2.9	2.8	.2	.1	
TOTAL	566.9	579.7	83.8	80.1	87.7	77.6	3.2	2.4	

IV—COMPANIES REGISTERED ABROAD: BY COUNTRIES

£ millions					NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST	
					End	End	1951	1952	End	End	1951	1952
					1951	1952	1951	1952	1951	1952	1951	1952
COMMONWEALTH COUNTRIES												
British East Africa	...	...	...	4.3	6.4	.3	.5	—	..	—	..
British Central Africa	...	...	...	4.0	4.2	.3	.4	—	—	—	—
South Africa	...	...	...	92.9	92.4	16.7	16.3	8.9	9.6	.3	.4
India	...	...	...	2.3	2.3	.1	.1	..	..	..	..
Malaya	...	...	...	1.8	1.8	.8	.5	—	—	—	—
Australia	...	...	...	16.8	16.6	2.4	1.7	4.9	2.1	.2	.2
New Zealand	...	...	...	3.4	3.4	.2	.2	—	—	—	—
Canada	...	...	...	71.2	72.1	4.4	4.8	63.8	62.4	2.5	2.5
British West Indies	...	...	...	7.5	9.6	.1	.1	..	..	..	..
Other	...	...	...	.3	.3	.1	.1	1.9	1.8	.1	.1
				204.5	209.2	25.5	24.8	79.5	75.9	3.2	3.2	
FOREIGN COUNTRIES												
Irish Republic	...	...	...	1.1	1.1	.1	.1	1.6	1.5	.1	.1
Rest of Europe	...	...	...	9.4	9.0	.7	.9	21.7	20.5	.3	.3
Japan	...	...	...	.5	.5	.1	.1	4.7	4.3	—	.2
Egypt	...	...	...	6.8	6.6	2.9	2.9	*	*	*	*
U.S.A.	...	...	...	100.2	97.1	14.5	13.6	18.2	20.9	.5	.6
Mexico	...	...	...	11.1	10.0	.4	.3	21.1	20.1	.3	.3
Cuba	...	...	...	.8	.5	*	*	1.2	.8	*	*
Argentina	...	...	...	2.0	2.0	*	—	1.3	1.3	*	—
Brazil	...	...	...	14.3	13.7	.7	.8	3.5	3.3	*	*
Chile	...	...	...	..	..	..	..	8.3	8.1	.1	.1
Rest of South America	...	...	...	2.8	1.0	.2	.1	3.4	3.3	*	.1
Other	...	...	...	10.9	8.5	.7	.5	.4	.4	*	*
				159.9	150.1	20.5	19.4	85.6	84.5	1.4	1.7	
NOT CLASSIFIABLE	...	...	...	24.3	20.2	1.6	1.7	5.0	6.7	.1	.2
TOTAL	...	...	...	<u>388.8</u>	<u>379.5</u>	<u>47.6</u>	<u>45.8</u>	<u>170.1</u>	<u>167.2</u>	<u>4.7</u>	<u>5.1</u>

V—U.K.-REGISTERED COMPANIES: BY TYPES OF COMPANY

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End	1951	1952	End	End	1951	1952
	1951	1952	1951	1952	1951	1952	1951	1952
Dominion & Colonial Railways	1.3	1.0	—	—	4.1	4.0	.4	.1
Indian Railways ... ..	..	..	..	..	6.8	4.9	.3	.2
Foreign Railways	30.8	29.0	.3	.3	21.9	15.8	.8	.3
Banks & Discount Companies	39.9	42.0	3.7	4.1	—	—	—	—
Breweries & Distilleries ...	6.6	6.4	.9	.9	.8	.7	*	*
Commercial, Industrial, &c....	65.0	65.1	7.0	6.3	3.9	4.3	.1	.1
Electric Lighting & Power ...	9.7	9.2	.6	.8	4.3	4.2	.2	.2
Financial Trusts, Land, &c. ...	50.7	50.3	4.4	4.4	14.8	14.0	.6	.7
Gas	9.3	9.3	.6	.5	.8	.8	*	*
Mines, Gold	30.2	29.7	2.7	2.6	.3	.5	*	*
Mines, other than Gold ...	62.9	62.6	22.2	21.0	2.9	2.1	.1	.1
Oil	108.9	123.7	23.5	27.7	7.6	6.8	.1	.1
Rubber	75.1	74.5	12.2	6.9	2.9	2.7	.2	.2
Tea & Coffee	39.6	39.3	4.4	3.3	1.3	1.7	.1	.1
Telegraphs & Telephones ...	24.9	25.7	.9	1.0	..	..	..	..
Tramways & Omnibus ...	8.9	8.9	.2	.2	13.6	13.6	.1	.1
Other(1)	3.1	3.1	.2	.2	1.5	1.5	.1	.1
TOTAL	566.9	579.7	83.8	80.1	87.7	77.6	3.2	2.4

VI—COMPANIES REGISTERED ABROAD: BY TYPES OF COMPANY

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End	1951	1952	End	End	1951	1952
	1951	1952	1951	1952	1951	1952	1951	1952
EXCLUSIVE OF U.S.A.								
Dominion & Colonial Railways	38.4	38.7	1.4	1.4	57.6	57.3	2.3	2.3
Foreign Railways	6.8	6.5	*	*	29.2	26.8	.4	.4
Banks & Discount Companies	14.3	14.3	1.5	1.6	13.3	12.9	.2	.3
Canals & Docks	6.2	6.0	2.9	2.9	.8	.8	—	—
Commercial, Industrial, &c.	65.4	66.4	7.7	7.5	11.3	9.9	.2	.2
Electric Lighting & Power ...	16.1	17.9	.7	.5	15.6	14.9	.3	.5
Financial Trusts, Land, &c. ...	6.2	6.7	.6	.7	4.1	3.9	.1	.2
Iron, Coal & Steel	5.5	5.4	.6	.6	1.6	1.5	.1	.1
Mines, Gold	54.3	53.3	9.3	8.3	5.2	6.2	.2	.2
Mines, other than Gold ...	18.8	15.9	5.6	5.9	1.2	.2	.1	.1
Nitrate ... ..	..	..	..	..	8.3	8.1	.1	.1
Oil	34.0	29.3	1.3	1.3	..	..	..	..
Tramways & Omnibus ...	13.0	12.5	.7	.8	2.1	2.1	*	*
Other(2)	9.6	9.6	.8	.7	1.6	1.6	.1	*
	288.6	282.4	33.1	32.2	151.9	146.2	4.1	4.4
U.S.A.								
Railways	11.7	8.7	.3	.3	3.5	3.4	.1	.1
Financial	3.3	3.7	.7	.8	.7	.7	*	*
Utilities	19.1	21.8	1.4	1.1	13.4	16.1	.4	.5
Industrial	66.1	63.0	12.1	11.5	.7	.7	*	*
	100.2	97.1	14.5	13.6	18.2	20.9	.5	.6
TOTAL	388.8	379.5	47.6	45.8	170.1	167.2	4.7	5.1

(1) Iron, Coal & Steel; Nitrate; Shipping; Water Works; shares of Indian Railways; loans of Telegraphs & Telephones.

(2) Indian Railways; Breweries & Distilleries; Gas; Rubber; Shipping; Tea & Coffee; Telegraphs & Telephones; shares of Nitrate; loans of Oil.