

UNITED KINGDOM OVERSEAS INVESTMENTS

1953

Bank of England, 1955

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, including U.S. and Canadian dollar market securities on which information is available to the Bank through the operation of Exchange Control.

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.

* 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 are also available.

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 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 1951, 1952 and 1953 follows.

<i>£ millions</i>		1951	1952	1953
END OF YEAR				
Government and Municipal Loans ...	...	773	790	798
U.K. Companies: Share Capital ...	...	567	572	568
„ „ : Loan Capital ...	...	88	78	93
Overseas Companies: Share Capital ...	...	389	375	387
„ „ : Loan Capital ...	...	170	167	168
TOTAL ...	...	<u>1,987</u>	<u>1,982</u>	<u>2,013</u>
In Commonwealth Countries ...	...	1,125	1,114	1,146
In Foreign Countries ...	...	716	716	695
Not classifiable by Area ...	...	146	152	172

During 1953 the nominal value of U.K. investments increased by £31 million. Details by countries of investments at the end of 1952 and 1953 are given in Table I, which also shows net new investment during 1953, 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 £62 million nominal and the corresponding net cash investment was £71 million. The residual decrease of £31 million nominal, representing, apart from the effect of errors and omissions, net sales through the market to unidentified non-residents, is estimated to have had a cash value of £31 million. Thus the net effect of all transactions leading to the rise of £31 million nominal was a cash investment abroad of £40 million.

Gross new investment in 1953, which excludes conversions, amounted to £108 million nominal and £97 million cash. Commonwealth countries, principally East Africa, Rhodesia and Nyasaland, South Africa, Australia and New Zealand, accounted for £65 million nominal and of this total £38 million nominal was invested in new government and municipal loans. As a consequence of the inclusion of a New Zealand loan of £10 million, of which only 10 per cent was paid up in 1953, and of nearly £8 million of capitalisations of company reserves the cash value of new investment in the Commonwealth was only £53 million. New investment in foreign countries, mostly in the U.S.A. and the Irish Republic, came to £23 million nominal and £24 million cash; it included over £3 million of capitalisation issues. Nearly all the new investment not classifiable by area, £20 million nominal and cash, consisted of oil company debentures.

Gross repayment in 1953, also excluding conversions, came to £46 million nominal and £26 million cash. Of these totals £17 million nominal and £12 million cash was by Commonwealth countries, and £29 million nominal and £13 million cash was by foreign countries. Among individual countries there were substantial repayments by Australia (mainly government loans) and Cuba (shares and loans of a railway company).

Of the total of net sales through the market to unidentified non-residents of £31 million, nominal and cash, more than half consisted of Australian and German government loans, while, on the other hand, there was a small net purchase of Canadian securities, mainly public utility shares.

The total of interest and dividends in 1953 amounted to over £160 million, nearly £7 million more than in 1952 and £1 million more than the 1951 figure, previously the highest in this series of estimates. An increase of £7 million in interest on government and municipal loans was mainly caused by the first full year's payment by Japan of interest and arrears, under the Agreement of September 1952, and to a distribution by the Administrator of Enemy Property to holders of German loans. There was a small rise in total share dividends of U.K. companies: higher payments were made by tea companies operating in India, Pakistan and Ceylon and by oil companies not classifiable by area, but lower dividends paid by mining and rubber companies reduced income from Rhodesia and Nyasaland, Malaya, Indonesia and Mexico. Loan interest paid by U.K. companies was £1 million greater owing to the increased capital invested. A decrease of nearly £3 million in share dividends received from overseas companies was mainly due to a fall of £2 million in dividends from South African mines, and a small increase in loan interest was caused by payments on loans of Japanese and German companies.

A summary of interest and dividends, in a similar form to that given above for nominal capital, follows.

<i>£ millions</i>	1951	1952	1953
Government and Municipal Loan Interest ...	20.1	20.6	27.7
U.K. Companies: Share Dividends ...	83.8	80.0	80.5
" " : Loan Interest ...	3.2	2.4	3.4
Overseas Companies: Share Dividends ...	47.6	45.7	43.1
" " : Loan Interest ...	4.7	5.1	5.6
TOTAL ...	<u>159.5</u>	<u>153.8</u>	<u>160.4</u>
From Commonwealth Countries ...	101.1	92.0	90.7
From Foreign Countries ...	36.3	35.2	40.9
Not classifiable by Area ...	22.2	26.5	28.8

During the compilation of the 1953 estimates those for 1952 have been revised in the light of the later information available. The largest amendments are an increase in U.S. government bonds and decreases in German and Japanese bonds, in the shares of U.K. companies operating in India and Ceylon and of those not classifiable by area and in the shares of South African companies. The result of all revisions was to reduce the estimate of total nominal capital at the end of 1952 by £3 million, the total of interest and dividends remaining unchanged. As some amendments affected 1951 the estimates for that year in the two summary tables above have also been revised, the nominal capital having been increased by £4 million and interest by £100,000.

I—ALL SECURITIES: BY COUNTRIES

£ millions

	NOMINAL CAPITAL		INTEREST & DIVIDENDS		NET NEW INVESTMENT IN 1953(1)	
	End 1952	End 1953	1952	1953	Nominal	Cash
	COMMONWEALTH COUNTRIES					
British West Africa	42	43	5.2	5.5	.5	.8
Anglo-Egyptian Sudan	7	6	.3	.3	— .4	— .4
British East Africa	39	43	2.2	2.5	6.4	6.0
Rhodesia & Nyasaland	103	115	13.7	12.8	13.6	14.5
South Africa	155	160	20.4	18.6	5.5	8.1
India	59	60	6.5	8.5	1.4	3.7
Pakistan	9	9	1.3	1.7	.2	.4
Ceylon	23	23	2.2	2.7	.4	*
Malaya	70	69	10.2	8.1	— .4	— .4
Australia	348	344	15.7	15.0	5.6	5.4
New Zealand	62	72	2.6	2.7	12.2	1.0
Canada	154	156	8.4	8.9	— .1	— .6
British West Indies	35	37	2.4	2.6	2.4	2.4
Other	9	10	.9	.9	.8	.5
	<u>1,114</u>	<u>1,146</u>	<u>92.0</u>	<u>90.7</u>	<u>48.1</u>	<u>41.5</u>
FOREIGN COUNTRIES						
Irish Republic	27	33	1.1	1.2	4.8	4.6
France	6	6	.6	.4	— .6	— .8
Germany	43	34	*	2.8	.1	*
Austria	7	6	.1	.1	— .8	— .2
Denmark	6	5	.3	.3	— .1	— .1
Norway	6	5	.2	.2	*	*
Hungary	15	15	—	—	— .1	—
Roumania	14	14	—	*	— .1	—
Greece	24	23	*	.2	— .8	— 1.1
Rest of Europe	46	46	2.8	2.5	— .1	— .1
Burma	10	9	.7	.9	— 1.0	— .4
China	36	36	.1	.1	—	—
Japan	42	39	1.0	5.5	— .7	— .7
Indonesia	20	19	1.0	.7	— 1.0	— .2
Egypt	9	9	3.2	3.2	— .4	— .2
U.S.A.	156	172	15.1	15.2	15.9	18.9
Mexico	35	32	1.6	1.0	— 1.1	— .9
Cuba	16	1	*	*	— 14.9	— 4.1
Argentina	36	36	.7	.6	— .5	— .9
Brazil	43	40	1.9	1.2	— 1.6	— 1.4
Chile	35	33	.8	.7	— 1.4	— .6
Peru	21	21	.6	.6	*	*
Uruguay	5	5	.2	.2	— .1	— .2
Rest of South America	26	25	1.4	1.3	— .3	— .3
Other	33	32	2.0	2.1	— .6	— .5
	<u>716</u>	<u>695</u>	<u>35.2</u>	<u>40.9</u>	<u>— 5.5</u>	<u>10.8</u>
NOT CLASSIFIABLE	152	172	26.5	28.8	19.6	19.0
TOTAL	<u>1,982</u>	<u>2,013</u>	<u>153.8</u>	<u>160.4</u>	<u>62.2</u>	<u>71.3</u>

(1) A minus sign indicates Net Repayment.

II—GOVERNMENT AND MUNICIPAL LOANS: BY COUNTRIES

£ millions	NOMINAL				NOMINAL				
	CAPITAL		INTEREST		CAPITAL		INTEREST		
	End	End	1952	1953	End	End	1952	1953	
	1952	1953	1952	1953		1952	1953	1952	1953
COMMONWEALTH COUNTRIES					FOREIGN COUNTRIES				
British West Africa ...	8.9	9.2	.3	.3	Irish Republic ...	23.0	27.9	.8	1.0
British East Africa ...	23.5	27.7	.6	.8	Germany ...	36.9	28.1	—	2.5
Rhodesia & Nyasaland	65.1	73.1	1.8	2.2	Austria ...	6.3	5.5	.1	.1
South Africa ...	30.8	30.4	1.3	1.3	Denmark ...	3.8	3.2	.2	.1
India ...	2.4	1.8	.2	.1	Norway ...	6.0	5.4	.2	.2
Ceylon ...	2.4	2.2	.1	.1	Hungary ...	10.0	10.0	—	—
Malaya ...	4.9	4.9	.1	.1	Roumania ...	12.2	12.1	—	*
Australia ...	290.3	284.0	9.6	9.3	Greece ...	20.2	20.1	—	—
New Zealand ...	50.4	58.0	1.7	1.7	Rest of Europe ...	16.6	16.1	.3	.3
Canada ...	12.6	12.2	.5	.4	China ...	33.2	33.2	—	—
British West Indies ...	6.7	9.1	.2	.3	Japan ...	38.0	35.6	.6	4.8
Other ...	7.5	7.3	.3	.3	U.S.A. ...	35.7	44.7	.5	.8
	505.7	519.8	16.7	16.8	Argentina ...	1.6	.7	.1	*
FOREIGN COUNTRIES	284.3	277.8	3.9	10.9	Brazil ...	14.5	12.7	.4	.3
TOTAL ...	790.0	797.7	20.6	27.7	Chile ...	15.3	13.0	.4	.4
					Uruguay ...	3.5	3.5	.1	.1
					Rest of S. America ...	3.0	2.6	*	*
					Other ...	4.6	3.6	.2	.1
						284.3	277.8	3.9	10.9

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". The area described as Rhodesia & Nyasaland refers to the Federation of Rhodesia and Nyasaland constituted in August, 1953, and described in previous papers as British Central Africa.

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

£ millions	NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST		
	End	End	1952	1953	End	End	1952	1953	
	1952	1953			1952	1953			
COMMONWEALTH COUNTRIES									
British West Africa ...	33.2	33.1	4.9	5.1	..	..	..	..
British East Africa ...	9.1	9.3	1.1	1.0	..	..	..	..
Rhodesia & Nyasaland ...	29.8	29.8	11.3	10.1	3.6	6.3	.2	.1	
South Africa ...	25.4	26.9	2.8	3.0	1.5	1.5	.1	.1	
India ...	44.0	47.1	5.7	7.8	9.0	7.9	.4	.4	
Pakistan ...	8.5	8.8	1.2	1.6	.5	.4	*	*	
Ceylon ...	19.7	20.1	2.1	2.6	.4	.4	*	*	
Malaya ...	61.4	61.3	9.4	7.3	1.5	1.3	.1	.1	
British North Borneo ...	2.8	2.7	.3	.2	*	*	—	—	
Australia ...	33.2	34.2	4.0	3.8	6.1	6.1	.2	.2	
New Zealand ...	5.8	6.4	.6	.7	2.0	2.0	.1	.1	
Canada ...	5.8	5.8	.5	.6	.7	.7	*	*	
British West Indies ...	13.9	15.1	2.0	2.2	3.3	3.8	.1	.1	
Other ...	3.4	3.6	.4	.5	2.6	2.5	.1	.1	
	295.9	304.1	46.4	46.6	31.3	33.0	1.3	1.2	
FOREIGN COUNTRIES									
Irish Republic ...	1.4	1.3	.1	.1	—	—	—	—	
Rest of Europe ...	21.4	20.6	1.9	1.9	3.3	2.7	.1	.3	
Burma ...	9.2	8.5	.7	.8	*	*	*	*	
China ...	2.2	2.2	—	—	—	—	—	—	
Indonesia ...	18.0	17.0	.8	.5	1.6	1.6	.1	.2	
Egypt ...	2.5	2.6	.3	.3	..	..	..	..
Mexico ...	3.0	3.0	.9	.5	.4	.4	—	*	
Cuba ...	9.8	*	*	*	..	..	..	..
Central America ...	2.7	2.7	*	*	1.6	1.6	*	*	
Argentina ...	20.0	20.5	.6	.5	11.4	11.4	*	*	
Brazil ...	8.7	8.5	.6	.4	2.8	2.8	.1	.1	
Chile ...	9.2	9.2	.2	*	2.3	2.3	.1	.1	
Peru ...	15.2	15.2	.2	.3	..	..	..	..
Rest of South America ...	15.4	15.6	1.3	1.2	11.3	11.3	.4	.3	
Other ...	14.9	14.6	1.7	1.8	9.0	3.9	.1	.1	
	153.7	141.6	9.3	8.5	43.8	37.9	1.0	1.1	
NOT CLASSIFIABLE ...	122.0	121.9	24.2	25.4	2.8	22.4	.1	1.1	
TOTAL ...	571.6	567.6	80.0	80.5	77.9	93.3	2.4	3.4	

IV—COMPANIES REGISTERED ABROAD: BY COUNTRIES

<i>£ millions</i>	NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST		
	End	End	1952	1953	End	End	1952	1953	
	1952	1953			1952	1953			
COMMONWEALTH COUNTRIES									
British East Africa	6.1	5.9	.5	.7	..	..	..	..
Rhodesia & Nyasaland	4.2	5.5	.4	.4	..	..	..	..
South Africa	87.5	87.1	15.9	13.8	10.0	13.8	.4	.5	
India	2.3	2.3	.1	.1	..	..	..	..
Malaya	1.8	1.7	.5	.6	—	—	—	—	
Australia	16.6	17.4	1.7	1.5	2.1	2.0	.2	.1	
New Zealand	3.4	6.1	.2	.2	—	—	—	—	
Canada	72.3	74.5	4.8	5.3	62.4	62.5	2.5	2.5	
British West Indies	9.6	8.3	.1	.1	..	..	..	..
Other ... ..	.3	.3	.1	.1	2.1	2.2	.1	.1
	<u>204.3</u>	<u>209.1</u>	<u>24.4</u>	<u>22.8</u>	<u>76.5</u>	<u>80.5</u>	<u>3.2</u>	<u>3.2</u>	
FOREIGN COUNTRIES									
Irish Republic	1.1	1.1	.1	.1	1.5	2.4	.1	.1	
Rest of Europe	9.0	9.5	.9	.5	20.3	19.9	.3	.5	
Japan ... ..	.2	.2	.1	.1	4.0	3.2	.2	.6
Egypt	6.6	6.0	2.9	2.9	*	*	*	*	
U.S.A.	97.1	106.0	13.6	13.4	20.9	19.0	.6	.5	
Mexico	10.4	8.7	.3	.1	20.2	19.6	.3	.3	
Cuba ... ..	.5	.4	*	*	.8	.7	*	*
Argentina	2.0	2.2	—	—	1.3	1.2	—	—	
Brazil	13.7	13.2	.8	.4	3.3	3.2	*	*	
Chile ... ..	..	..	..	..	8.1	8.1	.1	.1
Rest of South America	1.0	.9	.1	.1	3.3	3.2	.1	*	
Other	8.5	8.7	.5	.6	.4	.3	*	*	
	<u>150.2</u>	<u>156.8</u>	<u>19.4</u>	<u>18.3</u>	<u>84.2</u>	<u>80.7</u>	<u>1.7</u>	<u>2.2</u>	
NOT CLASSIFIABLE	20.8	20.8	2.0	2.0	6.7	6.7	.2	.2	
TOTAL	<u>375.2</u>	<u>386.8</u>	<u>45.7</u>	<u>43.1</u>	<u>167.5</u>	<u>167.9</u>	<u>5.1</u>	<u>5.6</u>	

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

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End	1952	1953	End	End	1952	1953
	1952	1953	1952	1953	1952	1953	1952	1953
Dominion & Colonial Railways	..	..	..	..	4.0	3.8	.1	.1
Indian Railways ... ..	..	..	..	..	5.0	3.7	.2	.2
Foreign Railways	29.0	19.3	.3	.1	15.8	10.6	.3	.2
Banks & Discount Companies	42.1	45.3	4.1	4.4	—	—	—	—
Breweries & Distilleries ...	6.4	6.4	.9	1.0	.7	.7	*	*
Commercial, Industrial, &c.	61.5	61.1	6.1	6.1	4.4	3.7	.1	.4
Electric Lighting & Power ...	9.2	9.1	.9	.8	4.2	4.1	.2	.2
Financial Trusts, Land, &c. ...	49.8	52.0	4.4	5.0	14.0	14.6	.7	.6
Gas	9.3	8.6	.5	.7	.8	.8	*	*
Mines, Gold	29.0	28.0	2.6	2.4	.7	.7	*	*
Mines, other than Gold ...	61.6	61.1	21.0	18.6	2.1	4.8	.1	.1
Oil	121.2	125.3	27.7	29.3	6.8	26.3	.1	1.1
Rubber	74.9	73.9	6.9	4.9	2.8	2.6	.2	.2
Tea & Coffee	38.8	38.7	3.4	5.8	1.7	2.0	.1	.1
Telegraphs & Telephones ...	25.7	25.7	1.0	1.2	..	..	..	..
Tramways & Omnibus ...	8.9	9.0	.2	.2	13.6	13.5	.1	.1
Other (1)	4.1	4.1	.2	.2	1.5	1.5	.1	.1
TOTAL	571.6	567.6	80.0	80.5	77.9	93.3	2.4	3.4

VI—COMPANIES REGISTERED ABROAD: BY TYPES OF COMPANY

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End	1952	1953	End	End	1952	1953
	1952	1953	1952	1953	1952	1953	1952	1953
EXCLUSIVE OF U.S.A.								
Dominion & Colonial Railways	38.7	38.5	1.4	1.4	57.3	57.2	2.3	2.3
Foreign Railways	6.5	6.4	*	*	26.9	27.2	.4	.4
Banks & Discount Companies	14.2	14.4	1.6	1.8	12.9	12.6	.3	.3
Canals & Docks	6.0	5.8	2.9	2.8	.8	.8	—	—
Commercial, Industrial, &c.	64.1	64.4	7.4	7.3	9.9	12.6	.2	.4
Electric Lighting & Power ...	17.9	19.1	.5	.6	14.8	13.8	.5	1.0
Financial Trusts, Land, &c. ...	6.7	7.0	.7	1.1	3.9	3.8	.2	.2
Iron, Coal & Steel	4.8	4.9	.6	.5	1.5	1.5	.1	.1
Mines, Gold	51.6	52.4	8.3	6.5	6.2	7.4	.2	.3
Mines, other than Gold ...	15.8	15.8	5.9	5.2	.6	.5	.1	*
Nitrate ... ..	..	..	..	..	8.1	8.1	.1	.1
Oil	29.7	28.5	1.3	1.4	..	..	..	..
Tramways & Omnibus ...	12.5	11.1	.8	.4	2.1	1.9	*	*
Other (2)	9.6	12.6	.7	.6	1.6	1.5	*	*
	278.1	280.8	32.1	29.7	146.5	148.9	4.4	5.1
U.S.A.								
Railways	8.7	9.9	.3	.3	3.4	3.4	.1	.1
Financial	3.7	4.3	.6	.7	.7	.7	*	*
Utilities	21.8	28.6	1.1	1.4	16.1	14.1	.5	.4
Industrial	63.0	63.2	11.6	11.1	.7	.8	*	*
	97.1	106.0	13.6	13.4	20.9	19.0	.6	.5
TOTAL	375.2	386.8	45.7	43.1	167.5	167.9	5.1	5.6

- (1) Iron, Coal & Steel; Nitrate; Water Works; shares of Dominion & Colonial Railways and Indian Railways; loans of Telegraphs & Telephones.
- (2) Indian Railways; Breweries & Distilleries; Gas; Rubber; Shipping; Tea & Coffee; Telegraphs & Telephones; shares of Nitrate; loans of Oil.