

# UNITED KINGDOM OVERSEAS INVESTMENTS 1954

*Bank of England, 1956*

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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 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. controlled, or direct, 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 controlled 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 the whole field of U.K.

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\* A limited number of copies of the original pamphlet and of the supplementary papers are available from the Secretary, Bank of England.



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, public companies and others—is again gratefully acknowledged.

A summary of the nominal capital values of the investments at the end of 1952, 1953 and 1954 follows.

*£ millions*

END OF YEAR						1952	1953	1954
Government and Municipal Loans	...	...	...	...	...	790	799	781
U.K. Companies: Share Capital	...	...	...	...	...	572	565	656
"      "      : Loan Capital	...	...	...	...	...	78	93	85
Overseas Companies: Share Capital	...	...	...	...	...	375	388	425
"      "      : Loan Capital	...	...	...	...	...	167	172	181
TOTAL	...	...	...	...	...	1,982	2,017	2,128
In Commonwealth Countries	...	...	...	...	...	1,114	1,153	1,178
In Foreign Countries	...	...	...	...	...	716	693	683
Not Classifiable by Area	...	...	...	...	...	152	172	267

During 1954 the total nominal value of the U.K. investments covered by this survey increased by £111 million. Details by countries of investments at the end of 1953 and 1954 are given in Table I, which also shows net new investment during 1954, 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 £132 million nominal: but the nominal value of investments decreased by £2 million as a result partly of changes in the rates of exchange used for the valuation of some non-sterling securities and partly of security conversions. The residual decrease of £19 million nominal represented, apart from the effect of errors and omissions, net sales through the market to unidentified non-residents. The net cash investment corresponding to the nominal figure of £132 million was only £51 million, because of a large amount of issues in capitalisation of company reserves. The cash value of the £19 million nominal net sales is estimated at £25 million: so that the net effect of all transactions leading to the rise of £111 million nominal was a cash investment abroad of £26 million.

Gross new investment in 1954, which excludes conversions, amounted to £176 million nominal, including £111 million of capitalisation issues, and to £91 million cash. In the Commonwealth the new investment, which was distributed over all the separate territories, came to £63 million nominal and £65 million cash; it included £30 million nominal in new government and municipal loans, of which the largest were for British East Africa, Rhodesia and Nyasaland, Ceylon and New Zealand, and £27 million nominal in shares, of which £11 million were capitalisation issues. New investment in foreign countries was £17 million nominal, including £9 million capitalisation issues, and £21 million cash. New investment in the U.S.A. came to £16 million cash but, as it was accompanied by exchanges of existing holdings of government bonds for shares, to only £1 million nominal. New investment not classifiable by area, £96 million nominal and £5 million cash, included £91 million capitalisation issues, nearly all by oil companies.



Gross repayment in 1954, also excluding conversions, amounted to £44 million nominal and £40 million cash. Commonwealth countries repaid £25 million nominal and £22 million cash, repayment by Australia, mainly government loans, and by Malaya exceeding new investment. Repayment by foreign countries came to £19 million nominal and £18 million cash.

In the total of net sales through the market to unidentified non-residents of £19 million nominal and £25 million cash the principal transactions were net sales of Commonwealth government loans, shares of South African and Rhodesian mines and German bonds, and net purchases of U.S.A. and Canadian securities.

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

<i>£ millions</i>		1952	1953	1954
Government and Municipal Loan Interest	...	20.6	27.6	28.2
U.K. Companies: Share Dividends	...	80.0	81.1	95.6
" " : Loan Interest	...	2.4	3.4	3.5
Overseas Companies: Share Dividends	...	45.7	43.8	53.1
" " : Loan Interest	...	5.1	5.7	5.9
<b>TOTAL</b>	...	<u>153.8</u>	<u>161.7</u>	<u>186.4</u>
From Commonwealth Countries	...	92.0	91.6	104.6
From Foreign Countries	...	35.2	41.3	44.0
Not Classifiable by Area	...	26.5	28.8	37.8

The total of interest and dividends in 1954 amounted to £186 million, £25 million more than the 1953 figure, previously the highest in this series of estimates. As much as £24 million of the increase was in share dividends. Those of U.K.-registered companies operating in the Commonwealth rose by £13 million, after allowing for the transfer of a group of companies from the U.K. to the Rhodesian register. Share dividends of Commonwealth-registered companies, after the same adjustment, were £1 million less. Share dividends of all companies operating in foreign countries rose by £3 million, most of the increase coming from the U.S.A., and those of oil companies not classifiable by area were £9 million greater. The increases in dividends were generally commensurate with the increases in the nominal share capital, although many of the new issues made during the year did not earn a full year's dividend. Companies which made capitalisation issues in some cases reduced the rate of their dividend but generally the amount was increased. Considerably higher rates were declared by tea and rubber companies, which raised income from India, Ceylon and Malaya. Slightly lower rates by some gold and base metal mining companies affected, especially, receipts from South Africa.

Interest on all classes of loans was £1 million higher on a smaller capital; this was mainly because some new loans issued during 1953 did not pay full interest until 1954. Payment was resumed on some German bonds but receipts from Japanese bonds were less than in 1953, when payments of arrears had been exceptionally heavy.

During the compilation of the 1954 estimates those for 1953 have been revised in the light of the later information available. The result of all revisions was to increase the estimate of total nominal capital at the end of 1953 by £4 million and that of total interest and dividends by a little more than £1 million.



## I—ALL SECURITIES: BY COUNTRIES

£ millions

	NOMINAL CAPITAL		INTEREST & DIVIDENDS		NET NEW INVESTMENT IN 1954(1)	
	End 1953	End 1954	1953	1954	Nominal	Cash
COMMONWEALTH COUNTRIES						
British West Africa ... ..	43	42	5.5	5.6	— .6	.3
Anglo-Egyptian Sudan ... ..	6	6	.3	.3	— .3	— .3
British East Africa ... ..	44	49	2.5	2.7	8.1	7.9
Rhodesia & Nyasaland ... ..	115	120	13.5	14.0	7.8	8.3
South Africa ... ..	161	162	18.9	17.7	4.8	8.2
India ... ..	59	61	8.4	13.2	2.3	.8
Pakistan ... ..	9	10	1.7	2.2	.3	.7
Ceylon ... ..	23	29	2.7	5.1	6.4	4.9
Malaya ... ..	69	69	8.1	10.2	— .4	— .8
Australia ... ..	346	337	15.1	15.8	— 3.3	— 4.8
New Zealand ... ..	73	81	2.7	3.5	8.9	12.9
Canada ... ..	158	167	8.9	9.9	2.3	2.7
British West Indies ... ..	37	37	2.7	3.4	1.6	1.5
Other ... ..	9	9	.8	.9	.3	.7
	1,153	1,178	91.6	104.6	38.3	43.2
FOREIGN COUNTRIES						
Irish Republic ... ..	33	36	1.2	1.5	3.1	3.0
France ... ..	6	6	.4	.5	.3	.2
Germany ... ..	34	29	2.8	3.6	1.2	— .1
Austria ... ..	6	4	.1	.3	— 1.1	— 1.0
Denmark ... ..	5	4	.3	.2	— .9	— 1.0
Norway ... ..	5	5	.2	.2	— .1	— .1
Hungary ... ..	14	14	—	*	—	—
Roumania ... ..	14	14	*	*	— .3	— .2
Greece ... ..	23	22	.2	.2	—	—
Rest of Europe ... ..	46	47	2.6	3.1	1.5	.9
Burma ... ..	8	8	.9	.5	— .3	— .3
China ... ..	36	35	.1	.1	—	—
Japan ... ..	39	38	5.6	4.2	— .8	— .8
Indonesia ... ..	19	18	.7	.5	— .4	— .2
Egypt ... ..	9	10	3.2	3.4	1.3	*
U.S.A. ... ..	172	180	15.2	17.6	1.0	15.5
Mexico ... ..	32	29	1.0	.8	1.4	— .9
Argentina ... ..	35	36	.6	.5	.3	.1
Brazil ... ..	40	36	1.2	1.2	— 2.4	— 2.8
Chile ... ..	33	32	.8	.7	— .6	— .4
Peru ... ..	21	23	.6	.5	.9	— .3
Uruguay ... ..	5	5	.2	.2	— .1	— .1
Rest of South America ... ..	25	24	1.4	1.4	— 1.9	— 3.2
Other ... ..	33	28	2.1	2.8	— 4.5	— 5.2
	693	683	41.3	44.0	— 2.4	3.2
NOT CLASSIFIABLE ... ..	172	267	28.8	37.8	95.7	4.8
TOTAL ... ..	2,017	2,128	161.7	186.4	131.5	51.2

(1) A minus sign indicates Net Repayment.



## II—GOVERNMENT AND MUNICIPAL LOANS: BY COUNTRIES

£ millions	NOMINAL CAPITAL		INTEREST			NOMINAL CAPITAL		INTEREST	
	End 1953	End 1954	1953	1954		End 1953	End 1954	1953	1954
COMMONWEALTH COUNTRIES					FOREIGN COUNTRIES				
British West Africa ...	9.2	8.7	.3	.3	Irish Republic ...	27.9	31.8	1.0	1.2
British East Africa ...	27.7	29.0	.8	1.0	Germany ...	27.9	23.4	2.5	3.3
Rhodesia & Nyasaland	73.1	79.1	2.2	2.4	Austria ...	5.5	4.2	.1	.3
South Africa ...	30.6	30.2	1.1	1.2	Denmark ...	3.4	2.2	.1	.1
India ...	1.8	1.5	.1	.1	Norway ...	5.4	5.1	.2	.2
Ceylon ...	2.2	7.0	.1	.1	Hungary ...	9.0	9.0	—	*
Malaya ...	4.9	4.7	.1	.1	Roumania ...	12.6	12.5	*	*
Australia ...	284.9	269.0	9.3	9.1	Greece ...	20.1	19.4	*	*
New Zealand ...	58.0	65.2	1.7	1.9	Rest of Europe ...	15.7	15.2	.3	.3
Canada ...	13.3	13.3	.4	.4	China ...	33.2	33.1	—	—
British West Indies ...	9.1	9.6	.3	.3	Japan ...	35.6	34.7	4.8	3.7
Other ...	7.2	6.7	.3	.3	U.S.A. ...	44.7	32.0	.8	.9
	521.8	524.1	16.7	17.4	Argentina ...	.7	.9	*	*
					Brazil ...	12.7	11.0	.3	.3
					Chile ...	13.0	12.4	.4	.4
					Uruguay ...	3.5	3.3	.1	.1
					Rest of S. America ...	2.6	2.6	*	*
FOREIGN COUNTRIES ...	277.2	257.1	10.9	10.9	Other ...	3.6	4.5	.1	.1
TOTAL ...	799.0	781.2	27.6	28.2		277.2	257.1	10.9	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". Changes made in the supplementary papers are the transfer of the Irish Republic (formerly Eire) from Commonwealth Countries to Foreign Countries, the substitution of Indonesia for Netherlands East Indies and of Rhodesia and Nyasaland for British Central Africa.



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

<i>£ millions</i>					NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST	
					End 1953	End 1954	1953	1954	End 1953	End 1954	1953	1954
COMMONWEALTH COUNTRIES												
British West Africa	...	...	...	...	33.7	33.1	5.2	5.2	.3	.3	*	*
British East Africa	...	...	...	...	9.8	10.1	1.0	1.1	.4	.8	*	*
Rhodesia & Nyasaland	...	...	...	...	29.5	13.4	10.5	3.2	6.4	1.9	.2	.1
South Africa	...	...	...	...	26.8	30.2	3.0	3.2	1.5	1.5	.1	.1
India	...	...	...	...	46.5	49.6	7.8	12.6	7.8	6.6	.4	.3
Pakistan	...	...	...	...	8.6	9.2	1.6	2.1	.5	.3	*	*
Ceylon	...	...	...	...	19.9	20.9	2.6	4.9	.4	.9	*	*
Malaya	...	...	...	...	61.5	61.5	7.3	9.7	1.3	1.1	.1	.1
Australia	...	...	...	...	33.7	37.7	3.8	4.7	6.0	7.0	.2	.2
New Zealand	...	...	...	...	6.4	7.1	.7	.9	2.0	2.1	.1	.1
Canada	...	...	...	...	5.9	7.1	.7	1.1	.7	.6	*	*
British West Indies	...	...	...	...	14.5	15.4	2.1	2.9	3.6	2.7	.1	.1
Other	...	...	...	...	5.9	6.3	.6	.7	2.1	2.0	.1	.1
					302.6	301.5	46.8	52.3	33.0	27.9	1.2	1.2
FOREIGN COUNTRIES												
Irish Republic	...	...	...	...	1.3	1.3	.1	.1	—	—	—	—
Rest of Europe	...	...	...	...	20.5	21.7	1.9	2.4	2.7	2.6	.3	.1
Burma	...	...	...	...	8.1	7.7	.8	.5	*	*	*	*
China	...	...	...	...	2.2	2.2	—	—	—	—	—	—
Indonesia	...	...	...	...	17.1	16.7	.6	.5	1.5	1.4	.2	*
Egypt	...	...	...	...	2.6	4.1	.3	.4	..	..	..	..
Mexico	...	...	...	...	3.0	2.9	.5	.4	.4	.4	*	*
Argentina	...	...	...	...	19.7	20.1	.5	.4	11.4	11.3	*	*
Brazil	...	...	...	...	8.3	7.4	.4	.5	2.8	2.7	.1	*
Chile	...	...	...	...	9.2	9.2	.1	.1	2.3	2.3	.1	.1
Peru	...	...	...	...	15.2	16.6	.3	.2	..	..	..	..
Rest of South America	...	...	...	...	15.5	15.4	1.4	1.4	11.3	10.6	.3	.3
Other	...	...	...	...	18.0	16.8	1.8	2.0	5.4	3.6	.1	.7
					140.6	142.2	8.9	9.1	37.8	35.0	1.1	1.3
NOT CLASSIFIABLE	...	...	...	...	122.1	212.5	25.5	34.2	22.4	22.4	1.1	1.1
TOTAL	...	...	...	...	565.3	656.1	81.1	95.6	93.2	85.3	3.4	3.5



## IV—OVERSEAS-REGISTERED COMPANIES : BY COUNTRIES

<i>£ millions</i>					NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST	
					End 1953	End 1954	1953	1954	End 1953	End 1954	1953	1954
COMMONWEALTH COUNTRIES												
British East Africa	...	...	...	...	5.8	6.3	.7	.5	..	..	..	..
Rhodesia & Nyasaland	...	...	...	...	6.1	21.4	.7	8.1	.3	4.6	*	.2
South Africa	...	...	...	...	86.5	86.4	14.1	12.6	15.3	13.6	.5	.7
India	...	...	...	...	2.2	2.2	.1	.1	..	..	..	..
Malaya	...	...	...	...	1.7	1.7	.6	.3	—	—	—	—
Australia	...	...	...	...	17.3	17.8	1.6	1.6	4.4	5.4	.2	.2
New Zealand	...	...	...	...	6.2	6.3	.2	.7	—	—	—	—
Canada	...	...	...	...	76.0	81.2	5.3	5.8	62.6	64.4	2.5	2.6
British West Indies	...	...	...	...	8.4	8.4	.1	.1	..	..	..	..
Other	...	...	...	...	.3	.3	.1	.1	2.0	4.3	.1	.1
					210.5	231.9	23.5	29.9	84.6	92.3	3.3	3.9
FOREIGN COUNTRIES												
Irish Republic	...	...	...	...	1.1	1.1	.1	.1	2.4	2.3	.1	.1
Rest of Europe	...	...	...	...	9.6	10.2	.6	.9	19.8	19.3	.5	.5
Japan	...	...	...	...	.2	.2	.1	.1	3.2	2.6	.6	.4
Egypt	...	...	...	...	6.0	5.7	2.9	3.0	*	*	*	*
U.S.A.	...	...	...	...	106.0	126.9	13.4	15.8	19.0	18.6	.5	.5
Mexico	...	...	...	...	8.7	7.0	.1	.1	19.6	18.7	.3	.2
Argentina	...	...	...	...	2.2	2.2	—	—	1.1	1.1	—	—
Brazil	...	...	...	...	13.2	11.7	.4	.4	3.2	3.1	*	*
Chile	...	...	...	...	..	..	..	..	8.1	7.8	.1	.1
Rest of South America	...	...	...	...	.9	.7	.1	.1	3.2	2.4	*	*
Other	...	...	...	...	8.8	6.0	.6	.6	1.0	1.0	*	*
					156.6	171.8	18.3	21.0	80.6	76.8	2.2	1.8
NOT CLASSIFIABLE	...	...	...	...	20.8	20.8	2.0	2.2	6.7	11.7	.2	.3
TOTAL	...	...	...	...	387.9	424.6	43.8	53.1	171.9	180.7	5.7	5.9



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

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End			End	End		
	1953	1954	1953	1954	1953	1954	1953	1954
Dominion & Colonial Railways	..	..	..	..	3.8	3.8	.1	.1
Indian Railways	..	..	..	..	3.7	2.6	.2	.1
Foreign Railways	19.3	17.7	.3	.3	10.6	8.8	.2	.8
Banks & Discount Companies	45.3	49.8	4.5	4.9	—	—	—	—
Breweries & Distilleries	6.3	7.5	1.0	1.0	.7	.7	*	*
Commercial, Industrial, &c.	61.7	64.2	6.0	6.7	3.6	3.5	.4	.2
Electric Lighting & Power	9.1	8.7	.8	.8	4.0	3.9	.2	.2
Financial Trusts, Land, &c.	50.7	56.0	5.4	6.3	14.4	14.0	.6	.6
Gas	8.6	8.6	.7	.8	.8	.8	*	*
Mines, Gold	27.8	26.0	2.4	2.4	.9	1.2	*	*
Mines, other than Gold	60.6	45.4	18.6	11.2	4.8	1.3	.1	*
Oil	125.1	218.0	29.2	39.0	26.3	25.2	1.1	1.1
Rubber	73.2	72.6	4.9	7.5	2.6	2.5	.2	.1
Tea & Coffee	38.8	41.7	5.8	13.0	2.0	2.2	.1	.1
Telegraphs & Telephones	25.7	26.6	1.2	1.3	..	..	..	..
Tramways & Omnibus	8.9	8.8	.2	.2	13.5	13.3	.1	.1
Other (1)	4.1	4.7	.2	.1	1.5	1.5	.1	.1
TOTAL	565.3	656.1	81.1	95.6	93.2	85.3	3.4	3.5

## VI—OVERSEAS-REGISTERED COMPANIES: BY TYPES OF COMPANY

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End			End	End		
	1953	1954	1953	1954	1953	1954	1953	1954
EXCLUSIVE OF U.S.A.								
Dominion & Colonial Railways	38.5	38.6	1.4	1.5	57.2	58.3	2.3	2.4
Foreign Railways	6.4	6.4	*	*	27.2	26.3	.4	.3
Banks & Discount Companies	15.2	16.5	1.7	1.8	12.7	17.3	.3	.4
Canals & Docks	5.8	5.5	2.8	3.0	.8	.8	—	—
Commercial, Industrial, &c.	64.1	64.2	7.4	6.8	12.2	11.3	.4	.5
Electric Lighting & Power	19.1	18.1	.6	.8	13.9	14.9	1.0	.7
Financial Trusts, Land, &c.	7.0	7.7	1.1	1.4	3.8	3.9	.2	.2
Iron, Coal & Steel	4.9	5.1	.5	.5	1.5	1.6	.1	.1
Mines, Gold	52.4	52.1	6.5	5.6	7.4	6.3	.3	.4
Mines, other than Gold	16.2	31.4	5.8	12.8	.4	4.8	*	.2
Nitrate	..	..	..	..	8.1	7.8	.1	.1
Oil	28.5	28.8	1.4	1.7	5.1	6.1	.1	.2
Tramways & Omnibus	11.1	9.6	.4	.4	1.8	1.8	*	*
Other (2)	12.8	13.6	.7	1.2	.8	1.0	*	*
	281.9	297.7	30.4	37.3	152.9	162.1	5.2	5.4
U.S.A.								
Railways	9.9	10.3	.3	.6	3.4	3.5	.1	.1
Financial	4.3	7.8	.7	.7	.7	.7	*	*
Utilities	28.6	34.2	1.4	1.8	14.1	13.4	.4	.4
Industrial	63.2	74.6	11.1	12.7	.8	1.0	*	*
	106.0	126.9	13.4	15.8	19.0	18.6	.5	.5
TOTAL	387.9	424.6	43.8	53.1	171.9	180.7	5.7	5.9

(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.