

UNITED KINGDOM OVERSEAS INVESTMENTS 1955

Bank of England, 1957

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

A summary of the nominal capital values of the investments at the end of 1953, 1954 and 1955 follows.

<i>£ millions</i>								
END OF YEAR						1953	1954	1955
Government and Municipal Loans	...	...	...	...	...	799	780	768
U.K. Companies: Share Capital	...	...	...	...	...	565	652	673
" " : Loan Capital	...	...	...	...	...	93	83	80
Overseas Companies: Share Capital	...	...	...	...	...	388	429	434
" " : Loan Capital	...	...	...	...	...	172	183	182
TOTAL	...	...	...	...	...	2,017	2,127	2,137
In Commonwealth Countries	...	...	...	...	...	1,153	1,180	1,215
In Foreign Countries	...	...	...	...	...	693	683	661
Not Classifiable by Area	...	...	...	...	...	172	264	261

Details by countries of investments at the end of 1954 and 1955 are shown in Table I. Table I also gives, by countries, the nominal and cash values of net new investment during 1955; that is, the results of all identified transactions in which the nominal investment or repayment and the corresponding cash payment or receipt relate to the same overseas country. Net new investment, so defined, amounted to £57 million nominal but the total nominal value of all investments included in the survey increased by only £10 million. Of the difference of £47 million, £2 million was due to a decrease in the nominal value of investments as the 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 £45 million nominal represents, apart from errors and omissions, net sales through the market to unidentified non-residents.

Some further details are given below of net new investment, nominal and cash.

<i>£ millions nominal</i>						GROSS NEW INVESTMENT	GROSS REPAYMENT	NET NEW INVESTMENT
Commonwealth Countries	...	...	...	...	...	84	26	58
Foreign Countries	...	...	...	...	...	20	19	1
Not Classifiable by Area	...	...	...	...	...	—	2	— 2
TOTAL	...	...	...	...	...	104	47	57
<i>£ millions cash</i>								
Commonwealth Countries	...	...	...	...	...	45	18	27
Foreign Countries	...	...	...	...	...	24	16	8
Not Classifiable by Area	...	...	...	...	...	—	2	— 2
TOTAL	...	...	...	...	...	69	36	33

Differences between the nominal and cash figures are due to the inclusion of £45 million of issues in capitalisation of company reserves and of other, offsetting, factors such as new issues at a premium or repayments at less than the nominal value.

Gross new investment in the Commonwealth included £17 million nominal in new government and municipal loans, of which the largest were for British East Africa, Rhodesia and Nyasaland, New Zealand and Mauritius and £54 million nominal in shares, distributed over all the separate territories, £38 million of these being capitalisation issues; there were also £12 million of company loans. Gross new investment in foreign countries included £7 million capitalisation issues: investment in the U.S.A. was £6 million nominal and £18 million cash.

The cash value of net new investment is shown above to have been £33 million. The residual decrease of £45 million in the nominal value of investments, representing net sales through the market to unidentified non-residents, is estimated to have had a cash value of £75 million. Thus transactions as a whole gave rise to a cash receipt from abroad of £42 million although the total nominal value of U.K. overseas investments went up by £10 million.

Net sales through the market to unidentified non-residents were unusually large in 1955. Sales of investments in the Commonwealth were estimated at £20 million nominal and £43 million cash in all. They included £6 million nominal of shares in companies operating in South Africa and £2 million nominal in Rhodesia and Nyasaland, sold for £25 million and £9 million respectively; there were also, on a somewhat smaller scale, net sales of Commonwealth government loans in general and of Canadian securities. Net sales of investments in foreign countries amounted to £23 million nominal and £27 million cash; there were substantial sales of German and Japanese government bonds and of the shares and loans of companies operating in France, Mexico and Brazil. Sales of investments not classifiable by area were £2 million nominal and £5 million cash, mainly of oil companies' shares.

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

<i>£ millions</i>						1953	1954	1955
Government and Municipal Loan Interest	...	...	...	...	...	27.6	28.2	27.0
U.K. Companies: Share Dividends	...	...	...	...	...	81.1	94.7	111.7
" " : Loan Interest	...	...	...	...	...	3.4	3.4	3.2
Overseas Companies: Share Dividends	...	...	...	...	...	43.8	54.2	59.3
" " : Loan Interest	...	...	...	...	...	5.7	6.0	6.1
TOTAL	...	...	...	...	...	161.7	186.5	207.3
From Commonwealth Countries	...	...	...	...	...	91.6	105.4	109.7
From Foreign Countries	...	...	...	...	...	41.3	44.2	46.2
Not Classifiable by Area	...	...	...	...	...	28.8	36.9	51.4

The total of interest and dividends in 1955 amounted to £207 million, £21 million more than the 1954 figure which was previously the highest in this series of estimates. Share dividends alone rose by £22 million, made up of an extra £4 million from Commonwealth countries, £4 million also from foreign countries and £14 million from companies not classifiable by area. In general the increases were the result of larger share capital holdings and especially of the inclusion of the first full year's dividend on many of the new issues made in 1954. Higher rates of dividend were declared by oil, rubber and many gold and base metal mining companies, but tea dividends were lower.

Interest on all classes of loans was £1 million less than in 1954, in keeping with the decrease in capital. Receipts from German and Japanese bonds were reduced, as special payments either out of Enemy Property or on account of arrears had been made in 1954. A similar special distribution out of Enemy Property was made on Roumanian bonds in 1955.

During the compilation of the 1955 estimates those for 1954 have been revised in the light of the latest information available. The result of all revisions was to reduce the estimate of total nominal capital at the end of 1954 by £1 million, that of total interest and dividends being almost unchanged.

I—ALL SECURITIES: BY COUNTRIES

£ millions

					NOMINAL CAPITAL		INTEREST & DIVIDENDS		NET NEW INVESTMENT IN 1955(1)	
					End 1954	End 1955	1954	1955	Nominal	Cash
COMMONWEALTH COUNTRIES										
British West Africa	...	...	...	...	42	41	5.6	5.2	— 1.3	.4
Anglo-Egyptian Sudan	...	...	...	...	5	5	.2	.2	— .3	— .3
British East Africa	...	...	...	...	49	57	2.7	2.7	10.1	6.1
Rhodesia & Nyasaland	...	...	...	...	120	132	13.7	15.2	13.8	7.6
South Africa	...	...	...	...	162	161	18.3	18.6	5.8	6.8
India	...	...	...	...	61	66	13.2	9.9	6.3	— 2.3
Pakistan	...	...	...	...	10	10	2.2	2.0	.9	— .1
Ceylon	...	...	...	...	29	29	5.1	5.0	.2	— .7
Malaya	...	...	...	...	69	71	10.4	14.5	2.1	— .6
Australia	...	...	...	...	337	336	16.1	17.0	1.9	.8
New Zealand	...	...	...	...	81	89	3.3	3.5	9.3	3.0
Canada	...	...	...	...	169	170	10.3	11.2	6.5	6.6
British West Indies	...	...	...	...	36	37	3.4	3.6	1.4	*
Other	...	...	...	...	9	10	1.0	1.1	1.3	.3
					1,180	1,215	105.4	109.7	57.8	27.5
FOREIGN COUNTRIES										
Irish Republic	...	...	...	...	36	38	1.5	1.7	1.3	.8
France	...	...	...	...	6	5	.5	.4	— .2	— .1
Germany	...	...	...	...	29	24	3.6	.9	.2	— .2
Austria	...	...	...	...	4	3	.3	.2	— .3	— .2
Denmark	...	...	...	...	4	4	.2	.2	— .2	— .2
Norway	...	...	...	...	5	5	.2	.2	— .2	— .2
Hungary	...	...	...	...	14	14	*	*	—	—
Roumania	...	...	...	...	14	14	*	1.7	— .1	—
Greece	...	...	...	...	22	22	.2	*	*	— .2
Rest of Europe	...	...	...	...	47	45	3.1	3.5	— .6	— .4
Burma	...	...	...	...	8	8	.5	.8	*	.2
China	...	...	...	...	35	34	.1	.1	— 1.0	—
Japan	...	...	...	...	38	32	4.2	3.7	— .9	— 1.1
Indonesia	...	...	...	...	18	18	.5	.7	— .2	*
Egypt	...	...	...	...	10	10	3.4	3.4	— .5	— .2
U.S.A.	...	...	...	...	180	186	17.4	19.9	6.2	17.6
Mexico	...	...	...	...	30	26	.8	1.2	1.8	— 1.0
Argentina	...	...	...	...	36	36	.6	.8	.3	.6
Brazil	...	...	...	...	36	31	1.2	.8	— 2.3	— 2.2
Chile	...	...	...	...	32	31	.9	1.0	— .7	— .4
Peru	...	...	...	...	23	21	.5	.6	*	*
Uruguay	...	...	...	...	5	5	.2	.2	— .1	— .1
Rest of South America	...	...	...	...	24	20	1.5	1.9	— 2.6	— 3.8
Other	...	...	...	...	28	30	2.8	2.3	1.6	— .8
					683	661	44.2	46.2	1.5	7.8
NOT CLASSIFIABLE	...	...	...	...	264	261	36.9	51.4	— 1.9	— 2.0
TOTAL	...	...	...	...	2,127	2,137	186.5	207.3	57.4	33.3

(1) A minus sign indicates Net Repayment.

GENERAL NOTES TO THE TABLES

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 1954	End 1955	1954	1955	End 1954	End 1955	1954	1955
COMMONWEALTH COUNTRIES												
British West Africa	...	...	...	...	33.4	33.1	5.3	4.9	.3	.3	*	*
British East Africa	...	...	...	...	10.1	10.8	1.1	1.0	.8	.5	*	*
Rhodesia & Nyasaland	...	...	...	...	12.8	17.1	2.9	3.3	1.9	2.1	.1	.1
South Africa	...	...	...	...	30.1	33.3	3.2	3.5	1.5	1.5	.1	.1
India	...	...	...	...	49.6	55.9	12.6	9.4	6.6	5.5	.3	.3
Pakistan	...	...	...	...	9.2	10.2	2.1	2.0	.3	.2	*	*
Ceylon	.....	...	...	...	20.9	21.3	4.9	4.7	.9	.7	*	*
Malaya	...	...	...	...	61.4	63.2	9.7	13.5	1.1	.8	.1	*
Australia	...	...	...	...	37.7	40.9	4.7	5.3	7.0	7.0	.2	.2
New Zealand	...	...	...	...	7.1	8.0	.8	.8	2.1	2.4	.1	.1
Canada	...	...	...	...	7.1	8.7	.9	1.0	.6	.6	*	*
British West Indies	...	...	...	...	14.5	15.9	2.8	3.0	1.7	1.9	.1	.1
Other	...	...	...	...	6.3	6.2	.8	.9	1.1	1.0	.1	*
					300.2	324.7	51.9	53.3	26.0	24.5	1.1	1.1
FOREIGN COUNTRIES												
Irish Republic	...	...	...	...	1.3	1.4	.1	.1	—	—	—	—
Rest of Europe	...	...	...	...	21.8	22.3	2.5	2.6	2.6	2.6	.1	.1
Burma	...	...	...	...	7.7	7.4	.5	.7	*	.4	*	*
China	...	...	...	...	2.2	1.2	—	—	—	—	—	—
Indonesia	...	...	...	...	16.8	16.8	.5	.7	1.4	1.3	*	*
Egypt	...	...	...	...	4.1	3.9	.4	.5	..	..	..	..
Mexico	...	...	...	...	2.9	2.9	.4	.6	.4	.4	*	*
Argentina	...	...	...	...	20.1	20.2	.6	.8	11.3	11.6	*	*
Brazil	...	...	...	...	7.3	7.0	.5	.4	2.7	2.6	*	.1
Chile	...	...	...	...	9.2	9.2	.3	.4	2.3	2.2	.1	.1
Peru	...	...	...	...	16.6	16.5	.2	.3	..	..	..	..
Rest of South America	...	...	...	...	15.3	14.8	1.5	1.7	10.4	7.6	.3	.4
Other	...	...	...	...	17.0	16.7	2.0	2.0	3.6	5.3	.7	.2
					142.4	140.4	9.5	10.7	34.8	34.1	1.2	1.0
NOT CLASSIFIABLE	...	...	...	...	209.2	207.7	33.3	47.7	22.4	21.3	1.1	1.1
TOTAL	...	...	...	...	651.7	672.8	94.7	111.7	83.2	79.9	3.4	3.2

IV—OVERSEAS-REGISTERED COMPANIES: BY COUNTRIES

<i>£ millions</i>					NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST	
					End 1954	End 1955	1954	1955	End 1954	End 1955	1954	1955
COMMONWEALTH COUNTRIES												
British East Africa	...	...	...	...	6.3	5.9	.5	.4	3.3	10.6	.1	.2
Rhodesia & Nyasaland	...	...	...	...	21.4	20.4	8.1	8.9	4.6	4.9	.2	.2
South Africa	...	...	...	...	86.3	83.9	13.1	13.2	13.6	12.7	.7	.7
India	...	...	...	...	2.2	2.8	.1	.2	..	..	..	..
Malaya	...	...	...	...	2.2	2.2	.5	.9	—	—	—	—
Australia	...	...	...	...	17.8	18.8	1.9	2.4	5.4	5.2	.2	.2
New Zealand	...	...	...	...	6.3	11.9	.5	.4	—	—	—	—
Canada	...	...	...	...	83.6	86.4	6.3	7.2	64.4	63.0	2.6	2.6
British West Indies	...	...	...	...	9.7	9.6	.1	.1	..	..	..	..
Other	...	...	...	...	.3	.3	.1	.1	1.8	1.7	.1	.1
					236.2	242.1	31.2	33.8	93.2	98.0	3.9	4.0
FOREIGN COUNTRIES												
Irish Republic	...	...	...	...	1.1	1.1	.1	.1	2.3	3.4	.1	.1
Rest of Europe...	...	...	...	...	10.1	8.1	.9	.9	19.0	18.4	.5	.4
Japan	...	...	...	...	.2	.2	.1	.1	2.6	2.1	.4	.4
Egypt	...	...	...	...	5.7	5.5	3.0	3.0	*	*	*	*
U.S.A.	...	...	...	...	126.9	130.4	15.6	18.3	18.6	18.7	.5	.5
Mexico	...	...	...	...	7.0	8.1	.1	.4	18.7	14.3	.2	.2
Argentina	...	...	...	...	2.2	2.3	—	—	1.1	1.1	—	—
Brazil	...	...	...	...	11.7	10.0	.4	*	3.1	2.8	*	*
Chile	...	...	...	...	..	..	..	..	7.8	7.2	.1	.1
Rest of South America	...	...	...	...	.7	.5	.1	.1	2.5	2.1	*	*
Other	...	...	...	...	6.0	6.1	.6	.5	2.5	2.2	*	.1
					171.7	172.4	20.8	23.3	78.1	72.4	1.8	1.7
NOT CLASSIFIABLE	...	...	...	...	20.8	19.9	2.2	2.3	11.7	11.6	.3	.4
TOTAL	...	...	...	...	428.7	434.5	54.2	59.3	183.0	182.0	6.0	6.1

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

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End	1954	1955	End	End	1954	1955
	1954	1955			1954	1955		
Dominion & Colonial Railways	..	..	..	..	3.8	3.6	.1	.1
Indian Railways ... ..	..	..	..	..	2.6	1.7	.1	.1
Foreign Railways	17.7	17.5	.5	.7	8.8	8.7	.8	.3
Banks & Discount Companies	49.8	55.8	5.0	5.7	—	—	—	—
Breweries & Distilleries ...	7.5	7.7	1.0	1.0	.7	.7	*	*
Commercial, Industrial, &c. ...	64.3	65.8	7.0	6.8	3.5	3.4	.2	.1
Electric Lighting & Power ...	8.7	8.1	.8	.7	3.0	3.0	.2	.1
Financial Trusts, Land, &c. ...	54.4	62.7	5.7	6.2	12.8	13.5	.5	.6
Gas	8.6	8.6	.8	.8	.8	.7	*	*
Mines, Gold	25.9	21.9	2.4	1.8	1.2	.9	*	*
Mines, other than Gold ...	42.4	44.3	10.3	11.7	1.3	3.4	*	.1
Oil	218.0	221.6	39.0	54.4	25.2	21.5	1.1	1.2
Rubber	72.6	71.6	7.5	10.9	2.5	2.2	.1	.1
Tea & Coffee	41.8	48.0	13.0	9.0	2.2	1.8	.1	.1
Telegraphs & Telephones ...	26.6	27.3	1.3	1.3	..	..	..	..
Tramways & Omnibus ...	8.8	8.7	.2	.2	13.3	13.3	.1	.1
Other (1)	4.7	3.2	.1	.4	1.5	1.4	.1	.1
TOTAL	651.7	672.8	94.7	111.7	83.2	79.9	3.4	3.2

VI—OVERSEAS-REGISTERED COMPANIES: BY TYPES OF COMPANY

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End 1954	End 1955	1954	1955	End 1954	End 1955	1954	1955
EXCLUSIVE OF U.S.A.								
Dominion & Colonial Railways	38·6	37·7	1·5	1·5	58·3	57·8	2·4	2·4
Foreign Railways	6·4	6·2	*	*	26·0	22·1	·3	·3
Banks & Discount Companies	16·5	16·9	1·8	2·3	17·4	17·0	·4	·5
Canals & Docks	5·5	5·3	3·0	3·0	·8	·8	—	—
Commercial, Industrial, &c. ...	66·5	65·8	7·4	7·0	11·3	9·0	·5	·3
Electric Lighting & Power ...	18·1	17·0	·8	·9	17·3	23·5	·7	·9
Financial Trusts, Land, &c. ...	7·7	7·9	1·4	1·6	3·9	2·8	·2	·2
Iron, Coal & Steel	5·0	4·7	·5	·5	1·6	1·5	·1	·1
Mines, Gold	52·2	50·9	6·1	6·8	6·3	5·4	·4	·3
Mines, other than Gold ...	32·1	31·6	13·0	14·4	4·8	7·7	·3	·3
Nitrate ... ..	..	..	..	..	7·8	7·2	·1	·1
Oil	28·8	30·9	1·7	1·9	6·1	6·2	·2	·3
Tramways & Omnibus ...	9·6	7·9	·4	*	1·8	1·5	*	*
Other (2)	15·0	21·3	1·1	1·1	1·0	·7	*	*
	301·9	304·1	38·6	41·1	164·4	163·3	5·4	5·6
U.S.A.								
Railways	10·3	10·1	·4	·4	3·5	3·4	·1	·1
Financial	7·8	8·6	·7	1·0	·7	·8	*	*
Utilities	34·2	35·5	1·8	2·0	13·4	13·4	·4	·4
Industrial	74·6	76·3	12·7	14·9	1·0	1·1	*	*
	126·9	130·4	15·6	18·3	18·6	18·7	·5	·5
TOTAL	428·7	434·5	54·2	59·3	183·0	182·0	6·0	6·1

(1) Iron, Coal and 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.