

UNITED KINGDOM OVERSEAS INVESTMENTS

1956

Bank of England, 1958

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 with the Bank's Annual Report.*

Scope of the Estimates

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 is represented by nominal value, which is a convenient basis for investigating changes in ownership; it is not intended to indicate 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 companies whose activities are divided between home and abroad. Also 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, would be regarded as controlled investments in the generally accepted sense.

The amounts of interest and dividends are gross of U.K. income tax at the full standard rate. Most of the U.K.-registered companies included are entitled to Double Taxation Relief and their gross dividends as declared therefore overstate the amount required to pay net dividends to shareholders plus the relative income tax. On the other hand the investigation neither covers the whole field of U.K. overseas investment nor takes account of undistributed profits; hence the figures of interest and dividends are not comparable with figures of investment income contained in the U.K. Balance of Payments White Papers.

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

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

Nominal Capital Values—Summary

£ millions

END OF YEAR						1954	1955	1956
Government and Municipal Loans	...	...	...	...	...	781	770	732
U.K. Companies: Share Capital	...	...	...	...	...	656	677	676
„ „ : Loan Capital	...	...	...	...	...	83	79	77
Overseas Companies: Share Capital	...	...	...	...	...	429	436	447
„ „ : Loan Capital	...	...	...	...	...	183	183	178
TOTAL	...	...	...	...	...	2,132	2,144	2,110
In Commonwealth Countries	...	...	...	...	...	1,185	1,222	1,221
In Foreign Countries	...	...	...	...	...	683	662	614
Not Classifiable by Area	...	...	...	...	...	264	261	276

Change during 1956—Nominal Value

The nominal value of all investments included in the survey decreased by £34 million in 1956. Table I gives, by countries, the nominal and cash values of net new investment or net repayment during 1956; that is, the results of all identified transactions (including some market purchases or sales) in which the nominal investment or repayment and the corresponding cash payment or receipt relate to the same overseas country. The total of all these transactions was a repayment of £10 million nominal. Non-sterling securities, however, increased by £4 million as the result of changes in the rates of exchange used for their conversion to sterling. There was therefore a residual decrease of £28 million nominal. This includes some transactions in which investments in one country are known to have been sold to another country, notably £4 million nominal shares of the Trinidad Oil Company sold to the U.S.A.; otherwise the residual decrease represents, apart from errors and omissions, net sales through the market to unidentified non-residents.

Gross New Investment and Repayment

£ millions nominal

						New Investment	Repayment	Net New Investment
Commonwealth Countries	...	...	...	...	...	32	24	8
Foreign Countries	...	...	...	...	...	17	51	—34
Not Classifiable by Area	...	...	...	...	...	17	1	16
TOTAL	...	...	...	...	...	66	76	—10

£ millions cash

Commonwealth Countries	...	...	...	...	...	26	14	12
Foreign Countries	...	...	...	...	...	6	12	—6
Not Classifiable by Area	...	...	...	...	...	—	1	—1
TOTAL	...	...	...	...	...	32	27	5

New investment, the total of which was smaller than usual, included £29 million nominal of issues in capitalisation of company reserves, £5 million in the Commonwealth, £7 million in foreign countries and £17 million by oil companies not classifiable by area. Issues other than capitalisations comprised £13 million nominal in new government and municipal loans, of which the largest were for British East Africa, New Zealand and the Irish Republic, £15 million nominal in shares and £9 million in company loans.

Repayment, other than from the U.S.A., came to £62 million nominal, £10 million government and municipal loans, £41 million shares and £11 million company loans; owing to company liquidations or capital reorganisations, affecting especially investments in the British West Indies, Chile and Peru, the corresponding cash receipt was only £27 million. Investments in the U.S.A. decreased by £14 million nominal. This was the result of a net sale of £20 million nominal government bonds and a net purchase of £6 million nominal shares; because of the different price levels there was on balance a small net cash investment of £1 million. Some further investment in the U.S.A. was offset by switches into Canadian securities.

Market Transactions

The residual decrease of £28 million in the nominal value of investments included, besides the sale to the U.S.A. of £4 million nominal shares of the Trinidad Oil Company for £63 million cash, net sales through the market to unidentified non-residents amounting to £24 million nominal, which are estimated to have realised £27 million cash. They included £12 million nominal of investments in South Africa, Rhodesia and Nyasaland and Australia, sold for £22 million, and £11 million nominal in Germany and Japan (mainly bonds affected by the debt settlement agreements) sold for £17 million. In the reverse direction, £10 million nominal of investments in Canada were purchased for £32 million cash.

Total Cash Transactions in 1956

The cash value of net new investment is shown above to have been £5 million and the residual decrease of £28 million in the nominal value of investments to have had a cash value of £90 million. Thus the whole of the transactions leading to the fall of £34 million nominal resulted in a receipt from abroad of £85 million cash.

Interest and Dividends

£ millions

		1954	1955	1956
Government and Municipal Loan Interest	...	28.2	27.1	27.4
U.K. Companies: Share Dividends	...	95.2	112.2	120.1
" " : Loan Interest	...	3.4	3.2	2.9
Overseas Companies: Share Dividends	...	54.2	59.3	65.8
" " : Loan Interest	...	6.0	6.1	6.9
TOTAL	...	187.0	207.8	223.1
From Commonwealth Countries	...	105.8	110.3	117.7
From Foreign Countries	...	44.2	46.1	49.7
Not Classifiable by Area	...	36.9	51.5	55.7

For the fourth year in succession there was a rise in the total of interest and dividends. Interest on all classes of loans together rose very slightly (less than £1 million) in 1956 although capital was reduced. A special distribution out of Enemy Property was made on German bonds; a similar distribution on Roumanian bonds had been made in 1955. Both higher rates of dividend and larger capital holdings increased dividends from oil companies (by over £5 million), tea companies and, in general, companies operating in the U.S.A. and Canada. Higher rates alone applied to copper mines and some of the new South African gold mines paid their first dividend.

Revisions

During the compilation of the 1956 estimates those for 1954 and 1955 have been revised in the light of the latest information available. The effect of all revisions was to increase the estimate of total nominal capital at the end of 1954 by £5 million and at the end of 1955 by £7 million; total interest and dividends were increased by £.5 million in both years.

I—ALL SECURITIES: BY COUNTRIES

£ millions

					NOMINAL CAPITAL		INTEREST & DIVIDENDS		NET NEW INVESTMENT IN 1956 ⁽¹⁾	
					End 1955	End 1956	1955	1956	Nominal	Cash
COMMONWEALTH COUNTRIES										
British West Africa	...	...	...	...	45	44	5.6	5.4	— 1.0	— 1.2
Anglo-Egyptian Sudan	...	...	...	...	5	—	.2	—	—	—
British East Africa	...	...	...	...	57	60	2.7	3.4	4.3	4.7
Rhodesia & Nyasaland	...	...	...	...	132	130	15.2	17.7	— 1.0	— 1.2
South Africa	...	...	...	...	161	156	18.7	19.5	— .8	— .6
India	...	...	...	...	66	65	9.9	10.8	— .6	— 1.8
Pakistan	...	...	...	...	10	11	2.0	2.6	— .1	— .2
Ceylon	...	...	...	...	29	28	5.0	5.7	.2	— 1.5
Malaya	...	...	...	...	71	72	14.5	14.7	— .6	— 1.6
Australia	...	...	...	...	338	335	17.0	17.2	3.7	4.1
New Zealand	...	...	...	...	89	93	3.5	4.3	4.6	4.2
Canada	...	...	...	...	171	188	11.2	12.5	3.6	6.2
British West Indies	...	...	...	...	37	29	3.6	2.9	— 5.0	1.1
Other	...	...	...	...	10	10	1.1	1.1	.2	.2
					1,222	1,221	110.3	117.7	7.7	12.3
FOREIGN COUNTRIES										
Irish Republic	...	...	...	...	38	41	1.7	1.9	1.9	2.5
France	...	...	...	...	5	4	.4	.4	— .1	— .1
Germany	...	...	...	...	24	17	.9	3.0	— .6	— .3
Austria	...	...	...	...	3	3	.2	.3	— .4	— .2
Denmark	...	...	...	...	4	3	.2	.2	— .2	— .2
Norway	...	...	...	...	5	4	.2	.2	— .4	— .4
Hungary	...	...	...	...	14	14	*	*	—	—
Roumania	...	...	...	...	14	14	1.7	*	— .1	—
Greece	...	...	...	...	22	21	*	*	— .1	— .2
Rest of Europe	...	...	...	...	45	48	3.4	3.3	3.5	— 1.3
Burma	...	...	...	...	8	8	.8	1.2	*	—
China	...	...	...	...	34	34	.1	*	— .4	—
Japan	...	...	...	...	32	26	3.7	3.1	— .8	— .9
Indonesia	...	...	...	...	18	17	.7	.5	— 1.5	— .3
Egypt	...	...	...	...	10	11	3.4	3.7	1.1	— .2
Sudan	...	...	...	...	—	4	—	.2	— .5	— .5
U.S.A.	...	...	...	...	186	173	19.9	22.8	— 13.3	1.6
Mexico	...	...	...	...	26	24	1.2	1.2	— 1.1	— 1.1
Argentina	...	...	...	...	36	34	.8	.7	— 1.0	— 1.0
Brazil	...	...	...	...	32	28	.8	1.0	— 1.4	— 1.4
Chile	...	...	...	...	31	27	1.0	.9	— 2.9	— .5
Peru	...	...	...	...	21	7	.6	.4	— 13.4	*
Uruguay	...	...	...	...	5	5	.2	.2	— .1	— .1
Rest of South America	...	...	...	...	20	20	1.9	1.9	— .9	— .8
Other	...	...	...	...	30	28	2.3	2.6	— 1.4	— .6
					662	614	46.1	49.7	— 34.1	— 6.2
NOT CLASSIFIABLE	...	...	...	...	261	276	51.5	55.7	16.8	— .7
TOTAL	...	...	...	...	2,144	2,110	207.8	223.1	— 9.6	5.4

(1) A minus sign indicates Net Repayment.

II—GOVERNMENT AND MUNICIPAL LOANS: BY COUNTRIES

£ millions	NOMINAL CAPITAL		INTEREST			NOMINAL CAPITAL		INTEREST	
	End 1955	End 1956	1955	1956		End 1955	End 1956	1955	1956
COMMONWEALTH COUNTRIES					FOREIGN COUNTRIES				
British West Africa ...	7.3	6.7	.3	.2	Irish Republic...	32.4	35.4	1.4	1.5
British East Africa ...	29.4	32.6	1.1	1.2	Germany ...	18.7	15.3	.8	2.6
Rhodesia & Nyasaland	87.4	85.2	2.7	2.9	Austria ...	3.1	2.5	.2	.2
South Africa ...	29.8	28.5	1.1	1.1	Denmark ...	1.9	1.8	.1	.1
India ...	1.4	1.3	.1	.1	Norway ...	4.7	4.0	.2	.2
Ceylon ...	6.6	5.9	.3	.2	Hungary ...	9.0	9.0	*	*
Malaya ...	4.6	4.6	.1	.1	Roumania ...	12.4	12.3	1.7	*
Australia ...	266.0	260.0	8.9	8.6	Greece ...	19.1	18.8	*	*
New Zealand ...	67.2	69.3	2.2	2.4	Rest of Europe ...	14.2	13.3	.2	.3
Canada ...	11.6	11.9	.4	.4	China ...	33.1	33.1	—	—
British West Indies ...	8.9	10.0	.3	.3	Japan ...	29.0	23.9	3.2	2.7
Other ...	7.3	3.3	.3	.1	U.S.A. ...	34.8	14.2	.7	1.0
	527.4	519.4	17.7	17.8	Argentina ...	.5	.3	*	*
					Brazil ...	9.8	8.2	.3	.2
					Chile ...	11.8	10.6	.4	.3
					Uruguay ...	3.1	2.8	.1	.1
					Rest of S. America ...	1.7	1.8	.1	.1
FOREIGN COUNTRIES ...	242.1	213.0	9.4	9.6	Other ...	2.8	5.8	.1	.2
TOTAL ...	769.5	732.3	27.1	27.4		242.1	213.0	9.4	9.6

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". Changes made in previous supplementary papers were 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. In 1956, the Republic of the Sudan (formerly the Anglo-Egyptian Sudan) has been transferred from Commonwealth Countries to Foreign Countries.

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

<i>£ millions</i>					NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST	
					End 1955	End 1956	1955	1956	End 1955	End 1956	1955	1956
COMMONWEALTH COUNTRIES												
British West Africa	...	...	...	...	37.6	37.2	5.3	5.2	.3	.4	*	*
British East Africa	...	...	...	...	10.8	10.7	1.0	1.1	.5	.8	*	*
Rhodesia & Nyasaland	...	...	...	...	17.1	18.0	3.3	3.8	2.1	2.2	.1	.1
South Africa	...	...	...	...	33.3	33.1	3.5	3.9	1.5	2.3	.1	.1
India	...	...	...	...	55.5	55.6	9.4	10.4	5.5	4.6	.3	.2
Pakistan	...	...	...	...	10.0	10.5	2.0	2.6	.2	.1	*	*
Ceylon	...	...	...	...	21.3	21.5	4.7	5.4	.7	.7	*	*
Malaya	...	...	...	...	63.1	64.5	13.4	13.8	.8	.8	*	.1
Australia	...	...	...	...	40.9	42.6	5.3	5.8	7.0	8.7	.2	.3
New Zealand	...	...	...	...	7.7	8.2	.8	.9	2.4	3.2	.1	.1
Canada	...	...	...	...	8.7	8.9	1.0	1.3	.6	.7	*	*
British West Indies	...	...	...	...	15.9	14.1	3.0	2.2	1.9	1.9	.1	.1
Other	...	...	...	...	6.2	6.1	.9	.8	1.0	.4	*	*
					328.1	331.0	53.7	57.3	24.5	26.8	1.1	1.2
FOREIGN COUNTRIES												
Irish Republic	...	...	...	...	1.4	1.4	.1	.1	—	—	—	—
Rest of Europe	...	...	...	...	22.3	25.8	2.6	2.4	2.6	2.6	.1	.1
Burma	...	...	...	...	7.4	7.4	.7	1.2	.4	.2	*	*
China	...	...	...	...	1.2	.9	—	—	—	—	—	—
Indonesia	...	...	...	...	16.8	15.5	.7	.4	1.3	1.2	*	*
Egypt	...	...	...	...	3.9	5.1	.5	.6	..	..	..	..
Mexico	...	...	...	...	2.9	2.8	.6	.6	.3	.2	—	—
Argentina	...	...	...	...	20.5	18.9	.8	.6	11.4	11.3	*	*
Brazil	...	...	...	...	6.9	6.4	.4	.3	2.6	1.9	.1	.1
Chile	...	...	...	...	9.2	6.9	.4	.4	2.2	2.1	.1	.1
Peru	...	...	...	...	16.5	1.8	.3	.2	..	..	..	..
Rest of South America	...	...	...	...	14.8	14.5	1.7	1.9	7.6	4.2	.4	.1
Other	...	...	...	...	16.6	16.9	2.0	2.3	5.3	5.7	.2	.3
					140.6	124.3	10.7	11.1	33.8	29.4	1.0	.7
NOT CLASSIFIABLE	...	...	...	...	207.9	220.5	47.7	51.7	21.2	20.9	1.1	1.0
TOTAL	...	...	...	...	676.6	675.9	112.2	120.1	79.5	77.1	3.2	2.9

IV—OVERSEAS-REGISTERED COMPANIES: BY COUNTRIES

<i>£ millions</i>					NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST	
					End 1955	End 1956	1955	1956	End 1955	End 1956	1955	1956
COMMONWEALTH COUNTRIES												
British East Africa	...	...	...	...	6.0	5.9	.4	.4	10.6	10.3	.2	.6
Rhodesia & Nyasaland	...	...	...	...	20.5	20.2	8.9	10.6	4.9	4.4	.2	.3
South Africa	...	...	...	...	84.2	80.8	13.3	13.9	12.6	11.1	.7	.6
India	...	...	...	...	2.8	2.8	.2	.1	..	..	..	..
Malaya	...	...	...	...	2.2	1.9	.9	.6	—	—	—	—
Australia	...	...	...	...	18.8	18.8	2.4	2.2	5.1	5.1	.2	.2
New Zealand	...	...	...	...	11.9	11.9	.4	.8	—	—	—	—
Canada	...	...	...	...	87.4	100.7	7.2	8.2	63.0	65.6	2.6	2.6
British West Indies	...	...	...	...	9.7	2.6	.2	.2	..	..	..	..
Other	...	...	...	...	.3	.3	.1	.1	1.7	1.3	.1	.1
					243.7	246.0	33.9	37.2	97.8	97.7	4.0	4.3
FOREIGN COUNTRIES												
Irish Republic	...	...	...	...	1.1	1.1	.1	.1	3.4	3.4	.1	.1
Rest of Europe	...	...	...	...	7.9	7.7	.7	.8	18.6	14.6	.4	.6
Japan	...	...	...	...	.2	.2	.1	*	2.6	2.1	.4	.3
Egypt	...	...	...	...	5.5	5.2	3.0	3.0	*	*	*	*
U.S.A.	...	...	...	...	130.4	136.8	18.3	20.6	18.7	18.6	.5	.7
Mexico	...	...	...	...	8.1	7.2	.4	.4	14.5	13.7	.2	.2
Argentina	...	...	...	...	2.3	2.5	—	*	1.1	1.1	—	—
Brazil	...	...	...	...	10.0	8.9	*	.4	2.8	3.0	*	*
Chile	...	...	...	...	..	..	..	..	7.2	7.0	.1	*
Rest of South America	...	...	...	...	.5	2.5	.1	*	2.1	3.7	*	.1
Other	...	...	...	...	6.1	6.0	.5	.5	2.2	1.9	.1	.1
					172.2	178.0	23.2	26.0	73.3	69.2	1.8	2.2
NOT CLASSIFIABLE	...	...	...	...	19.9	22.8	2.3	2.6	11.6	11.5	.4	.4
TOTAL	...	...	...	...	435.9	446.8	59.3	65.8	182.6	178.4	6.1	6.9

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

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End	1955	1956	End	End	1955	1956
	1955	1956			1955	1956		
Dominion & Colonial Railways	..	..	..	..	3.6	3.4	.1	.1
Indian Railways	..	..	..	..	1.7	1.0	.1	*
Foreign Railways	17.5	14.9	.7	.8	8.7	8.4	.3	.3
Banks & Discount Companies	55.8	58.1	5.7	6.2	—	—	—	—
Breweries & Distilleries	7.7	6.9	1.0	.9	.7	.7	*	*
Commercial, Industrial, &c.	70.7	70.8	7.3	7.1	3.4	4.7	.1	.2
Electric Lighting & Power	8.1	8.0	.7	.8	3.0	2.9	.1	.1
Financial Trusts, Land, &c.	62.6	48.8	6.2	7.2	13.1	12.3	.5	.5
Gas	8.6	13.2	.8	1.0	.7	.7	*	*
Mines, Gold	21.5	19.8	1.8	1.6	.8	1.0	*	.1
Mines, other than Gold	44.1	43.6	11.7	12.3	3.4	3.1	.1	.1
Oil	221.6	233.2	54.4	59.4	21.5	21.3	1.2	1.1
Rubber	71.5	71.8	10.9	10.9	2.2	2.0	.1	.1
Tea & Coffee	47.6	48.6	9.0	10.4	1.8	1.7	.1	.1
Telegraphs & Telephones	27.3	26.6	1.3	1.3	..	..	..	..
Tramways & Omnibus	8.7	8.6	.2	.2	13.3	12.5	.1	.1
Other (1)	3.2	3.1	.4	.1	1.4	1.4	.1	.1
TOTAL	676.6	675.9	112.2	120.1	79.5	77.1	3.2	2.9

VI—OVERSEAS-REGISTERED COMPANIES: BY TYPES OF COMPANY

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End 1955	End 1956	1955	1956	End 1955	End 1956	1955	1956
EXCLUSIVE OF U.S.A.								
Dominion & Colonial Railways	37.7	38.7	1.5	1.5	57.8	57.9	2.4	2.4
Foreign Railways	6.2	6.1	*	*	22.1	21.2	.3	.3
Banks & Discount Companies	16.9	19.5	2.3	2.6	17.0	16.2	.5	.5
Canals & Docks	5.3	5.0	3.0	3.0	.8	.8	—	—
Commercial, Industrial, &c. ...	65.6	67.4	6.8	7.0	9.2	6.0	.3	.5
Electric Lighting & Power ...	17.0	17.7	.9	1.0	24.0	22.2	.9	1.2
Financial Trusts, Land, &c. ...	8.9	12.9	1.6	1.8	3.0	5.2	.2	.2
Iron, Coal & Steel	4.7	4.7	.5	.6	1.5	1.2	.1	.1
Mines, Gold	51.3	50.1	6.9	7.2	5.4	4.3	.3	.2
Mines, other than Gold ...	31.5	30.8	14.4	16.1	7.7	7.9	.3	.4
Nitrate ... ..	..	..	..	..	7.2	7.0	.1	*
Oil	30.9	28.3	1.9	2.4	6.0	6.9	.3	.3
Tramways & Omnibus ...	7.9	6.8	*	.4	1.5	1.8	*	*
Other (2)	21.4	21.7	1.1	1.6	.7	1.0	*	*
	305.5	309.9	41.0	45.2	163.9	159.7	5.6	6.2
U.S.A.								
Railways	10.1	8.2	.4	.5	3.4	3.4	.1	.1
Financial	8.6	10.5	1.0	1.1	.8	.8	*	*
Utilities	35.5	39.9	2.0	2.3	13.4	13.4	.4	.5
Industrial	76.3	78.3	14.9	16.8	1.1	1.1	*	*
	130.4	136.8	18.3	20.6	18.7	18.6	.5	.7
TOTAL	435.9	446.8	59.3	65.8	182.6	178.4	6.1	6.9

(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.