

UNITED KINGDOM OVERSEAS INVESTMENTS

1957

Bank of England, 1959

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 in securities dealt in on the London Stock Exchange and in U.S. and Canadian dollar securities quoted abroad 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.

As well as giving the annual change in the nominal value of the securities held, the estimates show the amount of cash paid or received by the United Kingdom on account of transactions in these securities.

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 therefore excludes many whose assets overseas are substantial. Insurance and shipping companies also are excluded. In consequence, an important part of U.K. controlled, or direct, investments overseas is omitted from the estimates. Nevertheless nearly all the U.K.-registered companies that are included, as well as some overseas-registered companies, represent 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 U.K. income tax paid on their behalf. 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.

Cash Transactions during 1957

£ millions cash

	Total	Gross New Investment	Repayment	Net New Investment	Other Transactions
Commonwealth Countries	28	25	21	4	24
Foreign Countries ...	20	37	12	25	— 5
Not Classifiable by Area	— 7	—	2	— 2	— 5
TOTAL ...	41	62	35	27	14

The table above analyses the net cash flow resulting from changes in U.K. holdings of overseas investments during 1957. This flow is divided into “net new investment” and “other transactions”. “Net new investment”, estimates of which by countries are contained in Table I, consists of identified transactions between residents of the United Kingdom and residents of the country in which the investment is made. It comprises mainly new issues and redemptions but includes also some market purchases and sales, notably those of U.S.A. domestic dollar securities. “Other transactions” is a residual item and therefore includes any errors or omissions.

“Net new investment”, at £27 million in cash, was £22 million higher than in 1956. Gross new cash investment was nearly double that for the previous year, the increase being more than accounted for by the cost of net purchases of U.S.A. securities. In addition two government stocks were issued by British East Africa and a debenture stock by a Rhodesian company. Cash repayments were also higher than in 1956, due to higher repayments by Commonwealth countries, the most notable being the repatriation of South African government securities and the liquidation of several Malayan rubber companies.

For the first time for many years “other transactions” resulted in an expenditure of cash by the United Kingdom. This was due almost entirely to substantial purchases of Canadian securities, the cost of which more than offset the proceeds of sales of Commonwealth and foreign government securities, of shares in South African companies, and of shares in oil companies (not classifiable by area).

Change in Nominal Values during 1957

£ millions nominal

	Total Change	Gross New Investment		Repayment	Net New Investment	Other Transactions
		Capitalisation	Other			
Commonwealth Countries	18	14	31	23	22	— 4
Foreign Countries ...	— 19	—	2	15	— 13	— 6
Not Classifiable by Area	— 3	—	—	2	— 2	— 1
TOTAL ...	— 4	14	33	40	7	— 11

There were three main reasons for the difference between the nominal and cash values of “net new investment”. Firstly, for Commonwealth countries free issues by companies in capitalisation of reserves amounted to £14 million nominal; secondly, subscriptions to a debenture stock issued by a Rhodesian company were payable in four annual instalments, only one of which was due in 1957. Lastly, for foreign countries nominal investment in the U.S.A. declined slightly, by £2 million, owing to sales of government bonds exceeding purchases of shares in U.S. companies; but the cost of the latter far exceeded the proceeds from the sales of the former, so that there was a net cash investment in the U.S.A. of £36 million.

"Other transactions", consisting mainly of market purchases and sales, also included, in 1957, a reduction of £4 million nominal on account of alterations in the rates at which securities denominated in other currencies (mainly Canadian dollars) were converted to sterling. In the Commonwealth, the nominal value of sales, mainly of government loans and of shares in South African companies, exactly balanced that of purchases of Canadian securities; but, in cash terms, the latter far exceeded the former. In foreign countries sales of Irish, German and Japanese government loans preponderated.

Nominal Capital Values—Summary

£ millions

End of Year	1955	1956	1957
Government and Municipal Loans	770	732	707
U.K. Companies: Share Capital	677	674	670
: Loan Capital	79	77	75
Overseas Companies: Share Capital	436	446	466
: Loan Capital	183	178	184
TOTAL	2,144	2,106	2,102
In Commonwealth Countries	1,222	1,216	1,234
In Foreign Countries	662	614	594
Not Classifiable by Area	261	276	273

The nominal value of all the securities included in the survey fell slightly, by £4 million, during 1957. Net new investment of £7 million nominal was offset by net market sales of the same amount, but the nominal value of non-sterling securities diminished by £4 million as a result of changes in the rates of exchange used for their conversion to sterling.

Interest and Dividends

£ millions

	1955	1956	1957
Government and Municipal Loan Interest	27.1	27.5	25.6
U.K. Companies: Share Dividends	112.2	119.8	119.0
: Loan Interest	3.2	2.9	2.8
Overseas Companies: Share Dividends	59.3	65.9	64.7
: Loan Interest	6.1	6.9	6.6
TOTAL	207.8	223.0	218.8
From Commonwealth Countries	110.3	117.6	116.2
From Foreign Countries	46.1	49.6	44.8
Not Classifiable by Area	51.5	55.7	57.8

After rising for four successive years, the total of interest and dividends fell slightly in 1957. Interest on government and municipal loans was lower as a result of sales of U.S. Treasury bonds. A special distribution out of Enemy Property had been made on German bonds in 1956 and, though a similar distribution was made in 1957 on Roumanian bonds, it was much smaller. The Suez Canal Company did not declare a dividend in 1957 and paid only the statutory interest. Tea companies in India and Ceylon, the Rhodesian copper mines and certain base metal mines in Australia and Malaya paid lower dividends. Some of the rubber companies in Malaya, on the other hand, paid more and a number of South African gold mines paid higher or first dividends. The rise in income from U.S.A. and Canada was a reflection of the increased investment in companies operating in those countries.

Revisions

During the compilation of the 1957 estimates those for 1956 have been revised in the light of later information. As a result, the estimate of total nominal capital at the end of 1956 has been reduced by £4 million.

I—ALL SECURITIES: BY COUNTRIES

£ millions

	NOMINAL CAPITAL		INTEREST & DIVIDENDS		NET NEW INVESTMENT IN 1957(1)	
	End 1956	End 1957	1956	1957	Nominal	Cash
COMMONWEALTH COUNTRIES						
West Africa	44	46	5.4	5.5	1.5	— .2
British East Africa	60	69	3.3	3.7	10.3	10.0
Rhodesia & Nyasaland	130	136	17.7	13.8	8.9	1.0
South Africa	155	147	19.6	20.4	— 3.2	— 3.7
India	65	65	10.8	9.8	.6	— 2.6
Pakistan	11	11	2.6	2.6	1.2	.5
Ceylon	28	28	5.7	4.0	.2	— .7
Malaya	72	69	14.7	15.5	— 1.7	— 5.3
Australia	333	329	17.0	17.2	.9	.1
New Zealand	93	93	4.3	4.4	.8	.1
Canada	187	202	12.5	14.9	1.9	4.6
British West Indies	29	28	2.9	3.1	— .3	.3
Other	10	10	1.1	1.1	.4	.2
	1,216	1,234	117.6	116.2	21.7	4.2
FOREIGN COUNTRIES						
Irish Republic	41	39	1.9	1.9	— .5	— .4
France	5	5	.4	.4	*	— .1
Germany	17	16	3.0	.6	— .2	— .2
Austria	3	2	.3	.1	— .3	— .2
Denmark	3	3	.2	.2	— .2	— .2
Norway	4	4	.2	.2	— .3	— .3
Hungary	14	14	*	.2	—	—
Roumania	14	13	*	1.2	— .5	— .4
Greece	21	19	*	*	— .5	— .7
Rest of Europe	48	48	3.3	3.3	— 1.7	— 1.5
Burma	8	7	1.2	.8	*	*
China	34	34	*	*	*	—
Japan	26	23	3.1	2.7	— .6	— .8
Indonesia	17	15	.5	.5	— 1.5	— 1.4
Egypt	11	11	3.7	.3	— .3	— .3
Sudan	4	4	.2	.2	— .3	— .3
U.S.A.	173	171	22.8	23.4	— 1.6	35.5
Mexico	24	23	1.2	1.0	— 1.1	— 1.0
Argentina	34	34	.7	1.1	— .2	— .3
Brazil	28	27	1.0	.8	— 1.2	— 1.0
Chile	27	26	.9	.6	— .6	— .5
Peru	7	6	.4	.4	— .1	— .1
Uruguay	5	4	.2	.2	— .1	— .1
Rest of South America	20	20	1.9	1.9	— .4	*
Other	28	26	2.6	2.8	— .8	— .4
	614	594	49.6	44.8	— 13.0	25.4
NOT CLASSIFIABLE	276	273	55.7	57.8	— 1.6	— 2.2
TOTAL	2,106	2,102	223.0	218.8	7.0	27.4

(1) A minus sign indicates Net Repayment.

II—GOVERNMENT AND MUNICIPAL LOANS: BY COUNTRIES

£ millions		NOMINAL CAPITAL		INTEREST				NOMINAL CAPITAL		INTEREST								
		End 1956	End 1957	1956	1957			End 1956	End 1957	1956	1957							
COMMONWEALTH COUNTRIES						FOREIGN COUNTRIES												
West Africa	6.7	6.5	.2	.2	Irish Republic...	...	35.4	33.2	1.5	1.5						
British East Africa	32.6	41.9	1.2	1.6	Germany	...	15.3	13.8	2.7	.5						
Rhodesia & Nyasaland	85.2	82.5	2.9	2.9	Austria	...	2.5	2.1	.2	.1						
South Africa	28.5	24.2	1.1	1.0	Denmark	...	1.8	1.6	.1	.1						
India	1.3	1.3	.1	.1	Norway	...	4.0	3.8	.2	.2						
Ceylon	5.9	5.4	.2	.2	Hungary	...	9.0	8.9	*	.2						
Malaya	4.6	4.4	.1	.1	Roumania	...	12.3	12.1	*	1.2						
Australia	259.5	252.8	8.6	8.5	Greece	...	18.8	18.7	*	*						
New Zealand	69.3	68.4	2.4	2.6	Rest of Europe	...	13.3	12.1	.3	.2						
Canada	11.9	14.5	.4	.4	China	...	33.1	33.1	—	—						
British West Indies	10.0	9.4	.3	.4	Japan	...	23.9	21.0	2.7	2.4						
Other	3.3	3.5	.1	.1	U.S.A.	...	14.2	4.5	1.0	.3						
			518.8	514.8	17.8	18.2	Argentina	...	.3	.3	*	*				
							Brazil	...	8.2	7.2	.2	.2						
							Chile	...	10.6	10.2	.3	.3						
							Uruguay	...	2.8	2.7	.1	.1						
							Rest of S. America	...	1.8	1.8	.1	.1						
FOREIGN COUNTRIES						...	212.9	192.3	9.7	7.5	Other	5.7	5.3	.2	.2
TOTAL						...	731.8	707.1	27.5	25.6	...	212.9	192.3	9.7	7.5			

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 have been the transfer of the Irish Republic (formerly Eire) and the Sudan from Commonwealth Countries to Foreign Countries, the substitution of Indonesia for Netherlands East Indies and of Rhodesia & Nyasaland for British Central Africa. In 1957 West Africa, which includes the State of Ghana (formerly the Colony of the Gold Coast and the Trusteeship Territory of Togoland) has been substituted for British West Africa.

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

<i>£ millions</i>					NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST	
					End 1956	End 1957	1956	1957	End 1956	End 1957	1956	1957
COMMONWEALTH COUNTRIES												
West Africa	...	...	...	...	37.3	38.7	5.2	5.3	.4	.4	*	*
British East Africa	...	...	...	...	10.2	10.4	1.1	1.1	.8	.7	*	*
Rhodesia & Nyasaland	...	...	...	...	17.9	17.1	3.8	3.2	2.2	2.4	.1	.1
South Africa	...	...	...	...	32.9	33.7	3.9	4.0	2.2	2.1	.1	.1
India	...	...	...	...	55.4	57.4	10.4	9.4	4.6	3.9	.2	.2
Pakistan	...	...	...	...	10.5	11.3	2.6	2.6	.1	*	*	*
Ceylon	...	...	...	...	21.5	21.8	5.4	3.8	.7	.6	*	*
Malaya	...	...	...	...	64.5	61.9	13.8	14.6	.8	.7	.1	.1
Australia	...	...	...	...	40.6	40.9	5.7	5.7	8.7	8.4	.3	.3
New Zealand	...	...	...	...	8.2	9.3	.9	1.0	3.2	3.4	.1	.2
Canada	...	...	...	...	8.9	9.5	1.3	1.7	.7	.7	*	*
British West Indies	...	...	...	...	14.1	12.9	2.2	2.3	1.7	1.7	.1	.1
Other	...	...	...	...	6.1	6.2	.8	.9	.4	.4	*	*
					328.2	331.0	57.0	55.7	26.5	25.6	1.1	1.2
FOREIGN COUNTRIES												
Irish Republic	...	...	...	...	1.4	1.4	.1	.1	—	—	—	—
Rest of Europe	...	...	...	...	26.6	25.4	2.4	2.3	2.6	2.5	.1	.1
Burma	...	...	...	...	7.4	7.0	1.2	.8	.2	.2	*	*
China	...	...	...	...	.9	.9	—	—	—	—	—	—
Indonesia	...	...	...	...	15.4	13.9	.4	.4	1.2	1.2	*	*
Egypt	...	...	...	...	5.1	5.1	.6	—	..	..	..	..
Mexico	...	...	...	...	2.8	2.8	.6	.6	.2	.2	—	—
Argentina	...	...	...	...	18.9	18.8	.6	1.0	11.3	11.3	*	*
Brazil	...	...	...	...	6.4	6.1	.3	.3	1.9	1.8	.1	*
Chile	...	...	...	...	6.9	6.9	.4	.1	2.1	2.0	.1	.1
Peru	...	...	...	...	1.8	1.4	.2	.2	..	..	..	..
Rest of South America	...	...	...	...	14.5	14.4	1.9	1.8	4.2	4.1	.1	.1
Other	...	...	...	...	16.9	16.0	2.3	2.6	5.7	5.1	.3	.3
					125.0	120.1	11.1	10.4	29.4	28.5	.7	.6
NOT CLASSIFIABLE	...	...	...	...	220.5	219.2	51.7	53.0	20.9	20.6	1.0	1.0
TOTAL	...	...	...	...	673.8	670.3	119.8	119.0	76.8	74.7	2.9	2.8

IV—OVERSEAS-REGISTERED COMPANIES: BY COUNTRIES

<i>£ millions</i>					NOMINAL SHARE CAPITAL		SHARE DIVIDENDS		NOMINAL LOAN CAPITAL		LOAN INTEREST	
					End 1956	End 1957	1956	1957	End 1956	End 1957	1956	1957
COMMONWEALTH COUNTRIES												
British East Africa	...	...	...	...	5.9	6.0	.4	.5	10.3	10.2	.6	.5
Rhodesia & Nyasaland	...	...	...	...	20.1	23.3	10.5	7.3	4.4	10.9	.3	.2
South Africa	...	...	...	...	80.8	76.9	14.0	14.8	11.1	10.3	.6	.5
India	...	...	...	...	2.8	2.2	.1	.1	..	..	..	..
Malaya	...	...	...	...	1.9	2.2	.6	.7	—	—	—	—
Australia	...	...	...	...	18.8	21.5	2.2	2.3	5.1	5.1	.2	.2
New Zealand	...	...	...	...	11.9	11.9	.8	.7	—	—	—	—
Canada	...	...	...	...	99.9	107.2	8.2	10.0	65.6	70.3	2.6	2.8
British West Indies	...	...	...	...	2.6	3.5	.2	.3	..	..	..	..
Other	...	...	...	...	.3	.5	.1	.1	1.3	.9	.1	*
					245.0	255.2	37.3	36.8	97.7	107.7	4.3	4.4
FOREIGN COUNTRIES												
Irish Republic	...	...	...	...	1.1	1.1	.1	.1	3.4	3.5	.1	.1
Rest of Europe	...	...	...	...	7.7	9.9	.8	1.0	14.6	12.8	.6	.4
Japan	...	...	...	...	.2	.2	*	*	2.1	1.8	.3	.2
Egypt	...	...	...	...	5.2	5.2	3.0	.3	*	*	*	—
U.S.A.	...	...	...	...	136.8	145.6	20.6	22.0	18.6	18.6	.7	.7
Mexico	...	...	...	...	7.2	6.2	.4	.2	13.7	13.1	.2	.2
Argentina	...	...	...	...	2.5	2.5	*	*	1.1	1.1	—	—
Brazil	...	...	...	...	8.9	9.3	.4	.3	3.0	2.8	*	*
Chile	...	...	...	...	..	..	..	..	7.0	6.9	*	*
Rest of South America	...	...	...	...	2.4	2.4	*	.1	3.6	3.5	.1	.1
Other	...	...	...	...	6.0	5.7	.5	.4	1.9	1.2	.1	*
					177.9	188.2	26.0	24.5	69.1	65.3	2.2	1.8
NOT CLASSIFIABLE	...	...	...	...	22.8	22.3	2.6	3.4	11.5	11.2	.4	.4
TOTAL	...	...	...	...	445.7	465.7	65.9	64.7	178.3	184.2	6.9	6.6

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

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End	End	1956	1957	End	End	1956	1957
	1956	1957			1956	1957		
Dominion & Colonial Railways	..	..	..	..	3.4	3.3	.1	.1
Indian Railways ... ..	..	..	..	..	1.0	.5	*	*
Foreign Railways	14.9	14.9	.8	.2	8.4	8.3	.3	.3
Banks & Discount Companies	58.6	61.0	6.2	6.6	—	—	—	—
Breweries & Distilleries ...	6.9	6.8	.9	1.0	.7	.7	*	*
Commercial, Industrial, &c. ...	70.8	71.0	7.1	7.6	4.6	4.4	.2	.2
Electric Lighting & Power ...	8.0	7.8	.8	.7	2.8	2.6	.1	.1
Financial Trusts, Land, &c. ...	46.8	46.5	7.0	7.1	12.3	12.5	.5	.5
Gas	13.2	13.3	1.0	1.0	.7	.6	*	*
Mines, Gold	19.9	18.5	1.6	2.1	1.0	1.0	.1	.1
Mines, other than Gold ...	43.5	43.4	12.2	11.4	3.1	2.7	.1	.1
Oil	233.2	230.6	59.4	60.0	21.3	20.9	1.1	1.0
Rubber	71.7	66.9	10.9	11.8	2.0	1.8	.1	.1
Tea & Coffee	47.9	48.6	10.3	7.8	1.7	1.3	.1	.1
Telegraphs & Telephones ...	26.6	27.8	1.3	1.4	..	..	..	..
Tramways & Omnibus ...	8.6	8.6	.2	.2	12.5	12.4	.1	.1
Other (1)	3.1	4.7	.1	.2	1.4	1.4	.1	.1
TOTAL	673.8	670.3	119.8	119.0	76.8	74.7	2.9	2.8

VI—OVERSEAS-REGISTERED COMPANIES: BY TYPES OF COMPANY

£ millions	NOM. SHARE CAPITAL		SHARE DIVIDENDS		NOM. LOAN CAPITAL		LOAN INTEREST	
	End 1956	End 1957	1956	1957	End 1956	End 1957	1956	1957
EXCLUSIVE OF U.S.A.								
Dominion & Colonial Railways	38.7	39.5	1.5	1.6	57.9	56.0	2.4	2.3
Foreign Railways	6.1	6.1	*	*	21.2	20.5	.3	.3
Banks & Discount Companies	18.7	20.2	2.6	2.6	16.2	14.4	.5	.5
Canals & Docks	5.0	5.1	3.0	.3	.8	.8	—	—
Commercial, Industrial, &c. ...	67.4	68.7	6.9	8.0	6.0	7.1	.5	.3
Electric Lighting & Power ...	17.7	17.3	1.0	1.1	22.2	21.9	1.2	1.2
Financial Trusts, Land, &c. ...	12.8	13.5	1.8	2.3	5.2	5.2	.2	.2
Iron, Coal & Steel	4.7	5.8	.6	.7	1.2	.6	.1	*
Mines, Gold	50.0	47.4	7.4	8.6	4.3	4.1	.2	.2
Mines, other than Gold ...	30.8	35.0	16.1	12.3	7.9	15.0	.4	.4
Nitrate ... ..	..	..	..	..	7.0	6.9	*	*
Oil	28.3	29.8	2.4	3.2	6.9	7.5	.3	.3
Tramways & Omnibus ...	6.8	7.2	.4	.3	1.8	1.8	*	*
Other (2)	21.7	24.5	1.6	1.7	1.0	3.8	*	.1
	308.9	320.1	45.3	42.7	159.7	165.5	6.2	5.9
U.S.A.								
Railways	8.2	5.9	.5	.5	3.4	3.3	.1	.1
Financial	10.5	13.6	1.1	1.4	.8	1.0	*	*
Utilities	39.9	42.7	2.3	2.5	13.4	13.4	.5	.5
Industrial	78.3	83.4	16.8	17.6	1.1	.9	*	*
	136.8	145.6	20.6	22.0	18.6	18.6	.7	.7
TOTAL	445.7	465.7	65.9	64.7	178.3	184.2	6.9	6.6

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

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