

CAPITAL MOVEMENTS IN THE SOUTH AFRICAN BALANCE OF PAYMENTS FOR THE YEARS 1956 TO 1964

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INTRODUCTION

Although the Reserve Bank's official balance of payments statistics go back as far as 1946, details of the various items on the capital account are only available as from 1956. Before the latter year the private capital movements were obtained as a balancing item in the balance of payments estimates and therefore included the balance of all the errors and omissions in the calculations. During 1957 the Reserve Bank conducted a census of all South Africa's foreign liabilities and assets as at the end of 1955 and 1956¹ and the results of this survey were used to determine the capital movements for 1956². The figures for subsequent years were based on annual and quarterly sample surveys of foreign liabilities and assets. Details of the capital movements for the years 1956 to 1964 appear in Tables XXXIII B and XXXIII C of this *Quarterly Bulletin*. It is the purpose of this article to explain and analyse the meaning and significance of the statistics in these two tables.

- 1) The final results of this census were published as a supplement to the Reserve Bank's *Quarterly Bulletin of Statistics* for December, 1958.
- 2) The capital movements in the balance of payments normally arise from changes in the foreign liabilities and assets of South African residents. An increase in the foreign liability of a resident of South Africa will show up as an inflow of capital in South Africa's balance of payments, while a decrease in a foreign liability will appear in the balance of payments as a capital outflow. An increase in the foreign assets of a South African resident will be entered as a capital outflow in the balance of payments, while a decrease in a foreign asset will give a capital inflow. By measuring the foreign liabilities and assets of South African residents at two different dates, the *net* capital movements during the period between the two dates can be determined from the changes in the liabilities and assets. This method of measuring capital movements thus results in entries for net changes in assets and liabilities in the balance of payments. If one organisation should, e.g., obtain a new foreign loan during a particular period and another organisation should repay a similar amount on a foreign loan during the same period, the net capital movement will be zero. Capital inflows and outflows that change the foreign liabilities or assets of South African residents and are classified in the same sector during a certain period, are offset against each other in the balance of payments for that period and only the net result is shown. Not all the changes in foreign liabilities and assets

REVIEW OF TOTAL CAPITAL MOVEMENTS

For the purposes of this article, the items on the capital account of the South African balance of payments are firstly summarized under three major categories, viz. *official* capital movements which affect the foreign liabilities and assets of the South African official and banking sector³, *private* capital movements which are associated with the foreign liabilities and assets of the South African private sector, and *changes in the country's gold and foreign exchange reserves*⁴. The latter changes indicate the net result of all the other items of the balance of payments during the periods concerned and are not discussed in particular in this article.

Due to the fact that the figures for private capital movements are based on sample surveys, the errors and omissions in the balance of payments estimates are frequently included under capital movements for purposes of analyses. This procedure is based on the assumption that the balancing item consists of private capital movements, which are not covered by the sample surveys. Although such an assumption may not always be correct on account of possible errors in the other items of the balance of payments, the errors and omissions in the balance of payments estimates for 1956-1964 have, nevertheless, been added to the private and official capital movements in Table 1 below to obtain the total capital movements in South Africa's balance of payments during this period.

are, however, included in the balance of payments as capital movements. The relation between a statement of foreign liabilities and assets and the balance of payments was discussed in an article in this *Bulletin* for December, 1964: *Changes in the Foreign Liabilities and Assets of South Africa during the Year 1963*, by C. L. Stals and D. J. Uys.

- 3) For this purpose the South African official sector includes the South African Reserve Bank, the commercial banks and the central Government. The private sector includes all other South African organisations and individuals.
- 4) The change in the gold and foreign exchange reserves during any period is obtained as the total change during that period in the gold holdings of the Reserve Bank and the commercial banks plus certain other foreign assets of the Reserve Bank, the commercial banks and the Government.

Table 1. Summary of South Africa's Balance of Payments for the years 1956 to 1964
(R millions)

Items (net)	1956	1957	1958	1959	1960	1961	1962	1963	1964
<i>Total Current Account</i>	—	-11	-153	166	21	203	308	148	-56
<i>Capital Movements</i> †									
Official Capital Movements	—	21	79	-32	12	-13	-56	13	8
Private Capital Movements	24	-61	59	-39	-152	-65	-75	-97	-57
Errors and Omissions	- 1	-10	24	-15	-13	-18	11	23	16
<i>Total Capital Movements</i>	23	-50	162	-86	-153	-96	-120	-61	-33
<i>Change in Gold and Foreign Exchange Reserves</i> *	-23	61	-9	-80	132	-107	-188	-87	89

† Outflow = -; inflow = +

* Increase = -; decrease = +

It appears from Table 1 that for the period 1956 to 1964, a total annual net inflow of capital from abroad to South Africa occurred during the two years 1956 and 1958 only, while a net outflow of capital was registered during each of the remaining seven years. The largest annual net inflow took place during 1958 when R162 million flowed into the country while the largest annual net outflow was registered during 1960 when R153 million left the country. During the period of nine years taken as a whole there occurred a total net capital outflow of R414 million.

If the capital movements are brought into relation with the other items of the balance of payments, it will be noted that the largest annual net *inflow* of capital coincided with the largest annual *deficit* on the current account, while the second largest net *outflow*, viz. R120 million during 1962, coincided with the largest current *surplus*. The largest annual net capital outflow which occurred during 1960 can be regarded as an abnormal phenomenon for this purpose as it was affected by internal political unrest and the subsequent confidence crisis. If this abnormal year is disregarded, there appears to be a general tendency since 1958 for the capital movements to improve as the current account deteriorates, and *vice versa*. The annual fluctuations in the change in the country's gold and foreign exchange reserves are consequently smaller than the fluctuations in the total of the current account. This can be ascribed to the following reasons:

- (i) The total of the current account and the total net capital movements are both influenced and, to an important extent, determined by conditions in the internal economy. South Africa's imports usually increase with a revival in the internal economy, with a resultant deterioration in the total of the current account. Subsequently, the internal liquidity position may tighten so that exist-

ing and new South African organisations which are associated with foreign institutions, may be inclined to make relatively more use of foreign sources of finance and relatively less of domestic sources to finance a larger local investment in stocks, turnover or plant. The revival also increases the profitability of South African undertakings and in this way encourages foreign investment in the country.

- (ii) The monetary authorities can, to some extent, adapt the official capital movements to changes in the position of the current account. Drawings on the International Monetary Fund and on certain other foreign loans are, for example, usually made at times when the current account deteriorates, while repayments take place when the current account improves again. During the period 1956 to 1964 the largest annual net *official* capital *inflow* and the largest current *deficit* both occurred in 1958 while the largest net *official* capital *outflow* and the largest current *surplus* were both registered in 1962.
- (iii) The foreign exchange control regulations regarding private capital movements have been applied, since June, 1961, in such a way that the repatriation of foreign funds from South Africa have been adapted to the availability of foreign exchange and therefore, to a certain extent, to the position of the current account.

Regarding the composition of the capital movements as summarized in Table 1 it can be noted that the *private* capital movements played a dominating role during the years 1956 to 1964. If the errors and omissions are included under the private capital movements, there occurred a total net outflow of R446 million from the South African private sector during the nine years as a whole. A net outflow of capital from the private sector was recorded for every year since 1959. The annual *official* capital movements, however,

fluctuated from year to year and registered a net inflow of only R32 million over the nine years as a whole.

OFFICIAL CAPITAL MOVEMENTS

Details of official capital movements and fluctuations in South Africa's gold and foreign exchange reserves appear as changes in the foreign liabilities and assets of the South African official sector in Table XXXIII C of this *Bulletin*. These data, with the exception of the changes in the country's gold and foreign exchange reserves, are summarized in Table 2 below.

The long-term foreign liabilities of the official sector consist of long-term foreign borrowings of the central Government, the Reserve Bank and the commercial banks and of foreign capital investments in the stock, shares or branch balances of the South African Government, the Reserve Bank and the commercial banks. During 1958, 1959 and 1960 the Government's drawings on long-term foreign loans exceeded repayments and during these three years the central Government's foreign liability in respect of long-term loans increased by about R68 million⁵. New loans were obtained during this period from the International Bank for Reconstruction and Development and from various American and Swiss banking institutions, while public loans were also issued in the United States of America and the United Kingdom.

During each of the years 1956 and 1957 and 1961 to 1964 the Government's repayments on

foreign loans exceeded drawings with the result that its foreign liability in respect of long-term loans showed a net decrease of about R100 million⁶ during these years. This substantial capital outflow arising from repayments on foreign loans by the Government was made possible by the large surpluses that were obtained on the current account of the balance of payments during the years 1961, 1962 and 1963. A part of this capital outflow arose through repayments on revolving credits and other foreign loans, which could be drawn on again at a later stage.

The other long-term foreign liabilities of the central Government, which are not classified as loans in Table XXXIII C, consists of Government stock that appear on the South African register, but are held by foreigners. These liabilities decreased during 1959, 1960 and 1961, but increased again during 1962, 1963 and 1964⁷, when the Government issued non-resident bonds to foreigners who wanted to repatriate funds which they had previously invested in South African securities. As will be explained in more detail below, the exchange control regulations were extended on 16th June, 1961, to dealings in South African securities between the Johannesburg and foreign stock exchanges. Foreigners were not allowed to repatriate the proceeds accruing to them from the sales of South African securities to South African residents. It was initially determined that these funds had to be deposited in a blocked account

5), 6) and 7) As indicated in the first two lines under the item "Long-term Liabilities" in Table XXXIII C.

Table 2. *Net Official Capital Movements† in South Africa's Balance of Payments for the years 1956 to 1964*
(R millions)

Items	1956	1957	1958	1959	1960	1961	1962	1963	1964
<i>Foreign Liabilities:</i>									
Long-term*	-3.4	7.9	28.8	21.5	11.8	-3.7	-25.6	-13.8	-2.3
Short-term	4.7	13.6	39.0	-13.9	10.3	14.7	-11.4	22.9	17.8
Total	1.3	21.5	67.8	7.6	22.1	11.0	-37.0	9.1	15.5
<i>Foreign Assets ‡</i>									
Long-term	-1.2	—	11.0	-39.7	-0.9	-1.7	-3.6	-0.3	-5.3
Short term	0.2	—	—	—	-9.3	-22.0	-16.0	4.2	-2.9
Total	-1.0	—	11.0	-39.7	-10.2	-23.7	-19.6	3.9	-8.2
<i>Grand Total</i>	0.3	21.5	78.8	-32.1	11.9	-12.7	-56.6	13.0	7.3

† Outflow = -; inflow = +.

* All capital movements with an original maturity of more than 12 months are defined as long-term and the remainder as short-term.

‡ It will be noted if the data in Table 2 are compared with those shown in Table XXXIII C that all figures, in the case of foreign assets, have inverse signs in the two tables. This is due to the fact that an increase in a foreign asset signifies a capital outflow and is shown in Table 2 in the same way as a decrease in a foreign liability, viz. with a minus sign (but with a plus sign in Table XXXIII C to indicate the increase in the foreign asset) and *vice versa* for a decrease in a foreign asset.

with an authorised dealer in foreign exchange and could be re-invested only in securities quoted on the Johannesburg Stock Exchange. During 1962 various schemes were announced in terms of which these funds could again be repatriated. One of these schemes (the other will be discussed below) allowed foreigners to invest the proceeds from the sales of South African securities to South African residents in special non-resident bonds of the Government. The first issue of these special bonds was made during June, 1962, and they were repayable in five equal annual instalments. These issues continued up to July, 1963, and foreigners invested a total amount of R18 million in the non-resident bonds.

During September, 1963, new non-resident bonds were issued to foreigners with the same purpose, but which were repayable in *three* equal annual instalments. These issues were closed in March, 1964, and by that time foreigners had invested a total amount of R26 million in them. Since August, 1964, non-resident bonds were issued on a tender basis to foreigners, the bonds being repayable at par after five years. Up to the end of 1964 approximately R1½ million of these tender bonds had been issued, so that the total investment by foreigners in the special bonds issued by the Government during 1962, 1963 and 1964 amounted to about R45 million. Approximately R10 million had been repaid to the foreign holders of these bonds by the end of 1964.

Although the investment by foreigners in the non-resident bonds does not represent new capital from abroad but merely implies a switch of funds which were previously invested in other South African securities, it is nevertheless included in the balance of payments as a capital inflow to the official sector and as a capital outflow from the private sector. The reasons for this procedure are the following:

- (i) The foreign funds are, in fact, withdrawn from the South African private sector. Not only are the funds transferred from one sector to another, but the nature of South Africa's foreign liabilities also changes completely. A liability in respect of shares in a company in the private sector, without any contractual obligation regarding repayment or interest, is shifted to a loan of the central Government on which interest must be paid and which is repayable at a fixed date.
- (ii) If these transactions should be excluded from the balance of payments, it would be necessary to identify them separately at all stages. It would, for example, be required to split the sales of foreigners on the Johannesburg Stock Exchange between those of which the

proceeds will be invested in non-resident bonds, and all other sales. Any detailed analysis of stock exchange transactions, e.g., in respect of the countries of residence of the foreign sellers, will become more complicated by such splits.

It will be noted from Table XXXIII C of this *Bulletin* that the Reserve Bank's long-term foreign liabilities changed significantly during the years 1962, 1963 and 1964 only. During 1963 the Reserve Bank carried the liability of a drawing of about R7 million on the revolving credit facilities made available to South Africa by a group of American banks. This loan was repaid during 1963 while the Reserve Bank again made a drawing of R7 million on it during the last quarter of 1964.

The long-term foreign liabilities of the South African commercial banks increased by a net amount of R25.6 million during the nine years under review. This increase mainly reflects new investments by the overseas controlling companies in their South African commercial bank subsidiaries to finance the long-term expansion of these organisations.

The short-term foreign liabilities of the official sector include, firstly, important capital movements arising from changes in South Africa's short-term liabilities *vis-à-vis* the International Monetary Fund. The South African Government drew R25.9 million on South Africa's drawing facilities with the International Monetary Fund during 1958 and repaid the total amount again during 1959. The drawing took place as a result of the substantial deficit on the current account during 1958 while the repayment coincided with a substantial current surplus in 1959. The Reserve Bank again made use of these facilities during 1960 and 1961 and drew R26.8 million in total from the I.M.F. This amount was repaid in full during 1962. The current account of South Africa's balance of payments did not, however, show a deficit during 1960 and 1961, as during 1958 when the previous loan was obtained from the I.M.F., because the drawings in the former years were necessitated by the substantial outflow of capital from South Africa that occurred during this period.

Another important change in South Africa's short-term liabilities to the International Monetary Fund occurred during 1959, when South Africa's quota in the I.M.F. was increased by R35.7 million to R107.1 million. South Africa had to transfer 25 per cent of the increase in the quota, or R9.2 million, in gold to the I.M.F., while the other 75 per cent, i.e. R26.5 million, represented an increase of South Africa's liability in South African currency to the I.M.F.

The "Other" short-term foreign liabilities of the Government, which changed substantially during some years, consist mainly of trade credits arising from foreign trade transactions of Government Departments.

The Reserve Bank made various drawings and repayments during the period 1957 to 1961 on a short-term loan obtained from an international banking institution. The loan, which amounted to R14.3 million in total, was fully repaid during 1961.

The last figure of significance under the short-term foreign liabilities of the official sector is that in respect of commercial banks. It consists mainly of foreign deposits with South African commercial banks and increased in total from 1956 to 1964 by R7.6 million. It will be noted in Table XXXIII C, however, that these liabilities increased in some years and decreased in others.

The long-term foreign assets of the official sector showed several notable changes during the period 1956 to 1964. The most important took place during 1959 when South Africa's subscription to the International Monetary Fund was increased by R35.7 million. South Africa's subscription payments to the International Finance Corporation during 1957 and to the International Development Association during the years 1960 to 1964 are also reflected in Table XXXIII C as increases in the foreign assets of the Government. In addition, the Government redeemed a foreign sinking fund of R10 million during 1958.

The long-term foreign assets of the Reserve Bank and the commercial banks did not show any significant changes during the nine years under review.

The short-term foreign assets of the official sector, which are not included in the country's gold and foreign exchange reserves, originate from payments in respect of foreign trade transactions of Government Departments.

PRIVATE CAPITAL MOVEMENTS

Details of private capital movements appear as changes in the foreign liabilities and assets of the South African private sector in Table XXXIII B of this *Bulletin*. These data are summarized in Table 3 below. In accordance with the explanation given above, the errors and omissions in the balance of payments estimates have been added to the statistics of Table XXXIII B to arrive at the total private capital movements.

It has been mentioned before that a net capital outflow of R446 million occurred from the South African private sector during the nine years 1956 to 1964⁸. It can be deduced from Table 3 that R243 million of this amount reduced the foreign liabilities of the South African private sector

while R220 million increased the foreign assets of the private sector. Errors and omissions accounted for a net inflow of R17 million over the period as a whole.

The long-term foreign liabilities of the private sector accounted for a substantial capital outflow. In this regard it is of particular significance, however, to consider each type of long-term liability that is distinguished in Table XXXIII B by itself. It will then be noted that *direct foreign investment*⁹ in South Africa increased by a net amount of R101 million during the years 1956 to 1964 while *non-direct foreign investment* decreased by R54 million, and *stock exchange transactions*, which can also be regarded as non-direct investment, accounted for a net capital outflow of R357 million. Stock exchange transactions through which foreigners sell shares in South African companies on the Johannesburg Stock Exchange to South African residents, therefore, accounted for the largest contribution to the repatriation of foreign funds from the South African private sector.

Although a net capital outflow occurred through stock exchange transactions during each of the years 1956 to 1959 it was only during 1960 and the first half of 1961 that this capital outflow assumed undue proportions. Notwithstanding a sound position on the current account of the balance of payments, South Africa's gold and foreign exchange reserves decreased substantially during this period and amounted to R175 million at the end of May, 1961, compared with R328 million at the end of 1959. In the light of this sharp decrease and the simultaneously favourable current account of the balance of payments, it was decided as from 16th June, 1961, that foreigners could no longer repatriate the proceeds from

8) This figure does not include changes in the foreign liabilities and assets arising from reinvested profits. It is customary in some countries to include a proportionate share of the reinvested profits of foreign controlled organisations as investment income payments to the rest of the world in the current account of the balance of payments and again as an inflow of capital in the capital account. The reinvested profits of foreign organisations controlled by residents of the country concerned will then be included as investment income receipts in the current account and again as an outflow of capital in the capital account. These reinvested profits are not included in the South African balance of payments. The net effect, if included, would have been to decrease any current surplus (or increase a current deficit) and to increase a net capital inflow (or decrease a net capital outflow).

9) Direct foreign investment refers, in the case of foreign liabilities, to the investment of foreigners in organisations in South Africa in which foreigners have a controlling interest.

Table 3.* *Net Private Capital Movements in South Africa's Balance of Payments for the years 1956 to 1964*

(R millions)

Items	1956	1957	1958	1959	1960	1961	1962	1963	1964
<i>Foreign Liabilities:</i>									
Long-term	35	-19	38	-11	-105	-28	-58	-124	-38
Short-term	27	-14	47	4	-12	-4	-3	35	-13
Total	62	-33	85	-7	-117	-32	-61	-89	-51
<i>Foreign Assets:</i>									
Long-term	-36	-27	-23	-30	-24	-12	-24	-12	12
Short-term	-2	-1	-3	-2	-11	-21	10	4	-18
Total	-38	-28	-26	-32	-35	-33	-14	-8	-6
<i>Total: Identified Capital</i>									
Movements	24	-61	59	-39	-152	-65	-75	-97	-57
<i>Errors and Omissions</i>	-1	-10	24	-15	-13	-18	11	23	16
<i>Grand Total</i>	23	-71	83	-54	-165	-83	-64	-74	-41

* The footnotes to Table 2 are also applicable to this table.

the sales of South African securities to South African residents. The funds were blocked with South African authorised dealers in foreign exchange and could be reinvested only in quoted South African securities. This measure had the desired effect and the country's gold and foreign exchange reserves increased subsequently to reach a total of R428 million a year later on 30th June, 1962.

By this measure the close connection that existed between the Johannesburg and London Stock Exchanges was severed. The prices of South African shares have ever since been lower in general on the London Stock Exchange than those for the same securities on the Johannesburg Stock Exchange. This "price gap" was at times as large as 25 per cent, but recent figures showed a difference of only about 6 per cent.

As the country's gold and foreign exchange reserves increased the following schemes were put into operation in terms of which foreign funds could again be repatriated through stock exchange transactions:

- (i) During June, 1962, the first special *non-resident bonds* were issued to foreigners. This scheme was discussed under the official capital movements above.
- (ii) During June, 1962, the first allocations were made under the *permit scheme of exchange control relaxation*. In terms of this scheme foreign exchange was provided from time to time to approved South African institutions to purchase South African securities which were "scarce" on the Johannesburg Stock Exchange, on the London Stock Exchange. A portion of the yield resulting from the difference between the Johannesburg and London prices had to be paid over to the

South African Government by the South African resident purchasers under this scheme. Several cases were approved which enabled South African resident institutions to take over the controlling interest in organisations in South Africa from overseas investors. Allocations under the permit scheme were suspended during October, 1964, and the total allocations which had been utilised by then amounted to R67 million.

- (iii) The first sterling allocations under the *arbitrage scheme of exchange control relaxation*, were made during September, 1962. In terms of this scheme sterling amounts were allocated from time to time to South African stockbrokers to enable them to repurchase South African shares from foreign holders. The South African purchasers again had to pay over to the South African Government a certain portion of the amount resulting from the difference between the London and Johannesburg prices of the securities. This scheme was suspended during August, 1964, and the total allocations which had been utilised by then amounted to R79 million.

The capital outflow through stock exchange transactions as reflected in Table XXXIII B can now be described with reference to the above schemes. The outflow reached the high level of R77 million during 1960 before exchange control was extended to dealings in securities. During 1961 it decreased to R33 million, which was mainly concentrated in the first half of the year. During 1962 the various schemes described above came into force and the capital outflow arising from stock exchange transactions increased to R49 million. During 1963 the schemes remained in force and a record capital outflow of R89

million occurred through Stock Exchange transactions. During 1964 some of the schemes were abrogated and the outflow decreased again to R43 million.

The short-term foreign liabilities of the private sector fluctuated widely from year to year. Trade credits form an important part of these liabilities and are related in a large part to South Africa's foreign trade. Although no definite tendency is revealed by the yearly fluctuations, the short-term foreign liabilities of the South African private sector increased by a net amount of R67 million during the nine years 1956 to 1964.

The long-term foreign assets of the private sector were responsible for a fairly constant annual capital outflow since 1956 and increased by a total net amount of R176 million during the period 1956 to 1964. It can be seen from Table XXXIII B that direct investment¹⁰ accounted for the major part of the outflow. South Africa's long-term *direct foreign investment* increased by R122 million during the period, while the net *non-direct foreign investment* amounted to R44 million, and *stock exchange transactions*, through which South African residents purchased foreign securities quoted on the Johannesburg Stock Exchange from foreigners, were responsible for a net outflow of R10 million. Judging by these figures, it would seem that the normal expansion of South Africa's foreign trade and of the activities of foreign subsidiaries of South African organisations require an average new long-term investment from South Africa of about R20 million per year.

The short-term foreign assets of the private sector did not undergo any significant changes. Trade credits also played an important role in this regard. The total short-term foreign assets of the private sector increased by R44 million during the nine years 1956 to 1964, although net decreases were recorded during some years.

SUMMARY AND CONCLUSIONS

- (i) South Africa's balance of payments for the nine years 1956 to 1964 included a total net capital outflow of R414 million. This total outflow is the net result of a capital inflow of R32 million to the South African official sector and a capital outflow amounting to R446 million from the South African private sector.
- (ii) The total capital movements usually changed in South Africa's favour at times when the current account of the balance of payments

¹⁰ Direct foreign investment refers, in the case of foreign assets, to the investment by South African residents in organisations in foreign countries in which South African residents have a controlling interest.

deteriorated. The improvement usually took place both in private and official capital movements and is partly attributable to the timing of drawings and repayments on foreign loans by the monetary authorities, and partly to forces of an autonomous nature.

- (iii) The South African Government's new drawings on foreign loans exceeded its repayments during the years 1958, 1959 and 1960, but during the years 1956, 1957 and 1961 to 1964 the total repayments were more than the drawings, with the result that the Government's foreign liability in respect of long-term loans decreased by R32 million during this period. During 1962, 1963 and 1964 the Government, however, issued special non-resident bonds amounting to R45 million to foreigners. Up to the end of 1964 about R10 million had been repaid on these bonds. In total, the Government's long-term liabilities to foreigners showed little change during the period as a whole.
- (iv) The South African private sector repaid a net amount of R243 million on its foreign debt during the nine years 1956 to 1964, and at the same time made net investments of R220 million in foreign countries. Errors and omissions in the balance of payments estimates indicate, however, that the private sector received a net unidentified capital inflow of about R16 million during the period from abroad so that a total net amount of R446 million left the South African private sector.
- (v) The substantial net repayment on private foreign debt (which does not include the re-invested profits of direct investment organisations) took place despite the fact that foreigners made net new investments totalling R101 million in South African resident organisations controlled by them. A substantial repatriation of non-direct foreign investments therefore occurred during this period, especially through the sales by foreigners of South African shares on the Johannesburg or London Stock Exchanges to South African residents. In this way foreigners withdrew about R357 million of funds from the South African private sector.
- (vi) The South African private sector invested on average approximately R20 million per year in long-term foreign assets during the period 1956 to 1964. This was necessary to finance the expansion of foreign undertakings controlled from South Africa and to expand South Africa's foreign trade.