

American companies, the Rangel amendment in 1987 eliminated a tax credit which permitted deduction of South African from American taxes. This has affected profits in some cases to the point of making their South African operations uneconomical. For Mobil Oil, this was a primary consideration leading to its decision to disinvest at the end of April 1989. It seems likely to influence other major U.S. enterprises still operating in South Africa. Should the Dellums bill pass Congress in the next year or so, American commercial operations in South Africa would virtually cease. British and other European enterprises face no such problems at the moment but the political and economic climate in recent months has taken its toll there too. The number of British companies reporting to Code authorities has dropped from 160 in 1986 to 128 in 1987 and 120 in 1988.

Canadian companies generally have withdrawn from South Africa because: a) their operations were unprofitable; b) their major business in the United States was threatened by maintaining South African links (in the face of State and municipal anti-apartheid legislation); c) in the light of the foregoing reasons they were not prepared to put up with the hassle from domestic anti-apartheid forces.

As for Canadian educational institutions, most of the Major universities and colleges by now have instituted a policy which requires divestment of shares in enterprises doing business with South Africa. The Bank of Nova Scotia's announced intention to lend to Minorco, a Luxembourg company with majority South African ownership, has had an effect on some university campuses where student organizations and administrative authorities are considering their positions with respect to accounts held by the Bank. While Scotiabank's proposed action technically does not breach existing Canadian Government financial guidelines with respect to South Africa, many believe it strains the spirit of those guidelines to which the Canadian banks have agreed.

With the disinvestments noted above, there remain only six Canadian business enterprises with South African affiliations, plus the Canadian Embassy. These are listed in Table II.

TABLE II	
CANADIAN ENTERPRISES WITH SOUTH AFRICAN AFFILIATES (at 31 May 1988)	
1. Bayer Foreign Investments Ltd., Toronto, Ontario	
2. Govt. of Canada (Canadian Embassy, Pretoria), Ottawa, Ontario	
3. Menora Resources Inc., Toronto, Ontario	
4. QIT-Fer et Titane Inc., Montreal, Quebec*	
5. Sternson Ltd., Brantford, Ontario	
6. Varity Corporation, Toronto, Ontario	
7. Unican Security Systems Ltd., Montreal, Quebec	
* Now owned by the RTZ Corporation PLC, London, England.	

Apart from the Canadian Embassy, the other affiliates are engaged in chemicals, mining (offshore and open-cast onshore), construction, agricultural equipment and distribution. These enterprises have indicated their intention to continue operations in South Africa for the time being. Their reasons for doing so range from profitability, confidence in the future for their products and services, desire not to yield the field to their competitors, and inability to either sell their shares or retrieve the true value of their equity.

The Canadian Code of Conduct applies to all Canadian companies with operations in South Africa, regardless of the value of their investment or the number of personnel involved. Among those remaining, the smallest affiliate employs four people, 2 Black, while the largest has

TABLE III	
PERCENT EQUITY HELD BY CANADIAN COMPANIES IN THEIR SOUTH AFRICAN AFFILIATES	
	% Equity
1. <u>Bayer Foreign Investments Ltd., Toronto, Ontario</u>	
(1) Bayer South Africa (Pty) Ltd.	74
(2) Bayer Miles (Pty) Ltd.	100
(3) Chrome Chemicals (South Africa) (Pty) Ltd.	100
(4) Haarman & Reimer (SA) (Pty) Ltd.	50
(5) Rubber Chemicals (Pty) Ltd.	100
(6) Vergenoeg Mining Company (Pty) Ltd.	100
2. <u>Govt. of Canada - Dept. of External Affairs, Ottawa, Ontario</u>	
Canadian Embassy, Pretoria/Capetown	100
3. <u>Menora Resources Inc., Toronto, Ontario</u>	
Ocean Diamond Mining Limited	15.8
4. <u>QIT-Fer et Titane Inc., Montreal, Quebec</u>	
Richards Bay Minerals:	50*
(Tisands (Pty) Ltd.)	
(Richards Bay Iron & Titanium (Pty) Ltd.)	
* Held by UK parent company	
5. <u>Sternson Ltd., Brantford, Ontario</u>	
Sternson (SA) (Pty) Ltd.	24
6. <u>Varity Corporation, Toronto, Ontario</u>	
Fedmech Holdings Ltd.	7
7. <u>Unican Security Systems Ltd., Montreal, Quebec</u>	
ILCO Unican (SA) (Pty) Ltd.	33.3