III CANADIAN COMPANIES IN SOUTH AFRICA

The trend toward disinvestment of South African interests by Canadian enterprises ended in 1988. No further disinvestments occurred in 1989 although the status of one major company changed. QIT-Fer et Titane Inc. of Montreal and its South African affiliate, Richards Bay Minerals, changed hands when the RTZ Corporation of London, England, purchased the mineral holdings of BP International Ltd. The transfer of ownership, initiated on 1 January 1989, was completed in June the same year. Table I lists the disinvestments that have occurred over the past four years. Table II lists the remaining enterprises.

TABLE I

DISINVESTMENT OF SOUTH AFRICAN INTERESTS BY CANADIAN COMPANIES

1986	1987
1. Alcan Aluminium Ltd.	1. AMCA International Ltd.
2. Bata Ltd.	2. Champion Road Machinery Ltd.
3. Dominion Textile Inc.	3. Chempharm Ltd.
4. Jarvis Clark Co. (CIL)	4. Cobra Metals & Minerals Inc.
	5. Cominco Ltd.
	6. DeLCan Ltd.
	7. Falconbridge Ltd.
	8. International Thomson Organisation Ltd.
	9. Joseph E. Seagram & Sons Ltd.
	10. Moore Corporation
	11. Ford Motor Company of Canada Ltd. (Completed in 1988)

1988	1989
1. JKS Boyles International Inc.	1. QIT-Fer et Titane Inc.*
2. National Business Systems Inc.	

* Transfer of ownership, June 1989. QIT's 42.6% equity holding in Richards Bay Minerals was acquired by BP International Ltd in February 1988. This was subsequently raised to 50% through investment of profits in South Africa, not through transfer of capital from Canada. In June 1989, RTZ Corporation acquired BP International Ltd's mineral holdings, including: a) BP International's interest in RBM and b) BP America's interest in QIT. Legally, QIT is now owned by Tinto Holdings Canada Ltd. which is a wholly owned subsidiary of RTZ Corporation in London, England.

TABLE II

CANADIAN ENTERPRISES WITH SOUTH AFRICAN AFFILIATES
(at 31 May 1990)

1. Bayer Foreign Investments Ltd., Toronto, Ontario
2. Bocknek Ltd., Rexdale, Ontario
3. Govt. of Canada, Dept. of External Affairs, Ottawa, Ontario
4. Menora Resources Inc., Toronto, Ontario
5. Sternson Ltd., Brantford, Ontario
6. Varity Corporation, Toronto, Ontario
7. Unican Security Systems Ltd., Montreal, Quebec

While the number of Canadian company affiliates in South Africa appears to have stabilized at six in 1988, this experience has not been mirrored with respect to Australian, British and United States firms. The number of Australian-firms fell from 19 in 1987 to 7 in 1989; British from 160 in 1986 to 120 in 1988 and 111 in 1989; and American from 123 in 1987 to 99 in 1988 and 84 in 1989. The American figures include companies reporting under both the Statement of Principles (Sullivan) and State Department codes of conduct.

Despite the above figures, among foreign firms generally, the momentum toward disinvestment has slowed and future disinvestments are expected to be fewer in number. The reasons for this are varied. Most of the foreign companies still involved in South Africa are there because they are committed to that market, despite the depressed state of the economy. Those that were receiving a poor return on investment and could see little prospect of an improvement in the near future have already departed. Others who may not be faring well are loathe to depart because they could only retrieve their invested capital at a severe loss via the discounted financial Rand. Some companies remain because they do not wish to vacate the field to their competitors. Others are influenced by the perception that political changes are coming and, hopefully, will bring with them stability and, ultimately, economic prosperity more in keeping with South Africa's true potential. Some that remain have been less affected by the anti-apartheid hassle which has been a factor in driving others out. With respect to Canadian companies, those with a major stake in the United States market have not wished to jeopardize that (in the face of State and municipal anti-apartheid legislation) by maintaining a South African presence of infinitely lesser value.

While tougher United States anti-apartheid legislation had been expected before Mr. de Klerk's recent moves toward reform, this is now on hold pending the outcome of anticipated legislative and constitutional developments in South Africa. In this situation, American enterprises are less likely to disinvest in the immediate