

NEW CANADIAN INVESTMENT IN SOUTH AFRICA

With the positive outlook which began with the un-banning of certain political parties and the release of Nelson Mandela in early 1990, the issue of further direct investment from Canada became a matter of interest and discussion, not the least within the Canadian business community. I would have no way of knowing what transactions occurred in the period from then until the cessation of all sanctions by the Commonwealth in 1993, however, the investment figures speak for themselves (see figure I). Even if the Code was still operative, a Canadian contribution to the employment generation picture at the appropriate level could be expected to be marginal. While the statistics on employment in these new activities are not presently available – largely because either they are too new to be significant, or because the companies were not asked to report under this code. The information that is available to the administrator is given below in Table VI.

Table VI

<u>South African Affiliate/Holding</u>	<u>Sector</u>	<u>Percentage Canadian Equity</u>
1. Jamestown Platinum of South Africa	Resources	51 % ⁸
2. Leicester Diamond Mines Ltd.	Minerals	60 %
3. Cost Miser Coupons (SA)	Marketing	80 %
4. South African/Express	Air Transportation	[Majority] (8)

The pattern of this investment, and that of the companies which entered during the reporting period is slightly different from that reflected by other industrialized country interests. Most companies are increasing their equity in entities in which they already hold an interest. Perhaps as a reflection of an almost total run down of holdings during the sanctions period, Canadians are getting into new fields such as food and transportation. Most companies, regardless of national origin are eschewing manufacturing, and in the South African economy generally there have been very few new large scale "green field" industrial investments. The six newer Canadian companies, that is the four (4) above and Cott and Dundee Bancorp are in a mix of traditional resource based industries and service and food related sectors. Part of this trend can be attributed to a restructuring away from manufacturing, and part to its corollary, the relatively high wage rates prevailing in the South African economy. It is significant, as well as interesting, to relate that one of the formerly Canadian held South African companies is now active and winning contracts unfettered by former contractual limitations in Eastern Europe and South East Asia, but on the basis that it cannot afford to be competitive if it were to use South African labour inputs.

⁸No other information is available to the Administrator.

OBSERVANCE OF THE CODE

1. General Working Conditions

All South African affiliates of Canadian companies report the provision of safe, and otherwise acceptable, working conditions for all of their employees.

2. Collective Bargaining

Trade unionism and collective bargaining are new accepted features of the South African scene and continued during the period of the report to be an area of intense activity.

The Council of South African Trade Unions (COSATU) retained its dominant role on the labour front and during the period became involved in the National Economic Forum, set up to address short and long term economic problems. COSATU has been at the forefront of the anti-apartheid movement and has over the years received a great deal of international support and assistance in that respect. One involved observer has suggested that the organization has very little to learn about bettering the lot of labour, and could probably teach its former mentors a thing or two!

With respect to Canadian affiliates, these are free to become unionized (in fact one or two are in the process) and therefore meet Code of Conduct requirements. In practice smaller firms all report having an "open-door" policy with direct access to management when issues arise or they otherwise work through a spokesperson.

The Canadian Embassy, in lieu of a trade union with full bargaining rights, has an active staff association which meets regularly and consults management when need arises. The Canadian Public Service Staff Relations Act (PSSRA) specifically excludes locally engaged Embassy staff worldwide from collective bargaining, but the staff association has been found on all sides to provide a comparable mechanism. The elected representatives of the staff association are permitted to meet individually or collectively with staff on Embassy premises and are accorded reasonable time-off to do so. With respect to household staff engaged on a personal basis by Canadians serving with the Embassy, there are written guidelines recommended by the South African Domestic Workers Union which in general are in accordance with the Code of Conduct. Their implementation is monitored by the Embassy.