

Seven companies, comprising a total of eleven subsidiaries, hold 50% or more of the equity of their subsidiaries. Seven companies, comprising a total of nine subsidiaries, hold less than 50% of the equity of their subsidiaries. This means that as minority shareholders, as well as being remote from the scene of management and control, these companies have rather less ability to influence the policies and practices of their South African partners. The latter by the nature of their situation cannot avoid being sensitive and responsive to the imperatives of South African laws and regulations, one of which requires them to clear any business information which they may wish to send abroad with the South African Ministry of Trade and Industry.

Where the majority partner in the South African subsidiary is another foreign company operating in South Africa rather than a local firm the situation can apparently be less constraining, notably where the majority partner itself subscribes to another Code of Conduct. In the amount of detail supplied so promptly this seems to have been the case with two Canadian companies holding minority positions but working closely together, one with a British majority partner subscribing to the European Community Code of Conduct, and one with a United States company, a signatory to the Sullivan Code.

One company appearing on the list at Annex A does not fit into the above classification of majority and minority ownership because it has a small representative office in South Africa but no direct investment there. Also not included above are the details of the ownership status and subsidiary connections of two of the three companies from whom annual reports had not been received before the date of the submission of my annual report.

Under the clarifying interpretation of its scope companies now understand that the Canadian Code of Conduct applies to all companies operating in South Africa regardless of the smallness of their investment or workforce. This has meant that two companies, one having a small subsidiary with one Black employee on its staff and one having a representative office with five employees, one of whom is a Black person, are now reporting under the arrangements of the Code.

As I have just mentioned, three companies have not yet submitted annual reports to me. From my contacts with them I understand that they are still awaiting relevant information from their South African subsidiaries for the reports I have solicited from them.

I shall remain in touch with them for this purpose.

From the foregoing information it would seem that the number of Canadian companies active in South Africa is, proportionally, small compared, for example, with the numbers of British and United States corporations. Statistics from the latest available annual surveys of the European Community Code and of the Sullivan Code in the United States indicated 181 British companies reporting to their Code authorities and 178 United States companies signed up to report to the Sullivan system. In both cases most of the companies concerned are majority shareholders or outright owners of their South African subsidiaries and in their general impact they can be expected to exercise a weightier influence locally than Canadian companies. However the position of Canadian companies assumes more significance when account is taken of the number of local people employed by their subsidiaries. Thus information available on twenty-one subsidiaries points to workforces totalling 21,127. This may be compared with the total of 62,656 employees which, as indicated in its annual report of October 25, 1985, were employed by the American units reporting to the Sullivan Code system.

As a further qualification I should note that minority ownership status cannot generally be regarded as an indicator of the modest size of a company's involvement in South Africa or of the modest importance of its contribution to the local economy. The subsidiary of one company in a minority position is the largest employer on the Canadian list, its total workforce numbering 7,635 of whom 5,298 are Black, Coloured and Asian employees. The subsidiaries of two other companies also in minority positions have workforces totalling 4,656 and 1,487 respectively. In each case the great majority are Black employees. It is obvious from the reports submitted by these three companies that they take an active and well-informed interest in the affairs of their subsidiaries.

Nor is the smallness of a subsidiary's establishment, whether or not the Canadian company concerned is a majority or minority shareholder, necessarily a useful indicator of the importance of a company's interest in and contribution to the local economy. This is certainly suggested by the unique character of the activities of several Canadian companies in the fields of specialized construction equipment and consulting engineering services for infrastructural development particularly related to heavy use of public transport. It would be difficult to place a monetary