

III CANADIAN COMPANIES IN SOUTH AFRICA

The trend toward disinvestment, noted in last year's report, was reinforced in 1987 and is continuing in 1988. Eleven Canadian companies disposed of their South African interests in 1987 and two more have declared their intention to do so in 1988. Table I reflects this situation.

TABLE I		
DISINVESTMENT OF SOUTH AFRICAN INTERESTS BY CANADIAN COMPANIES		
1986	1987	1988
1. Alcan Aluminium Ltd.	1. AMCA International Ltd.	**1. National Business Systems Inc.
2. Bata Ltd.	2. Champion Road Machinery Ltd.	***2. Sternson Ltd.
3. Dominion Textile Inc.	3. Chempharm Ltd.	
4. Jarvis Clark Co. (CIL)	4. Cobra Metals & Minerals Inc.	
5. Menora Resources Inc.	5. Cominco Ltd.	
Suspended operations in Nov 1986 but resumed them in 1987	6. DeLCan Ltd.	
	7. Falconbridge Ltd.	
	*8. Ford Motor Company of Canada Ltd.	
	9. International Thomson Organization Ltd.	
	10. Jos. E. Seagram & Sons Ltd.	
	11. Moore Corporation	
* Ford signified its intention to disinvest in mid 1987 but negotiations were not completed until mid 1988. ** National Business Systems has indicated it will disinvest during 1988 *** Sternson Ltd. has indicated it is likely to disinvest in June 1988		

The reasons for disinvestment have not changed substantially over the past year. Economic considerations have remained paramount in the minds of Canadian executives when deciding to disinvest or remain in South Africa. While the South African economy has moved from negative growth in 1985 to 2.5% in 1987, neither the degree of recovery nor its uncertain duration has provided many foreign firms with sufficient motivation to extend their South African operations indefinitely. Nor has the continuing political uncertainty engendered the confidence needed by the business community to encourage long-term commitments. In addition, those with substantial American interests are not prepared to see them jeopardized by maintaining, at best, uncertain returns from South Africa. In particular, mounting public and Congressional pressure in the United States - along with the departure of Rev. Sullivan and his call to disinvest - suggest that mixing American with South African business may no longer provide a viable combination. Given the paramountcy of American over South African economic investments, the

choice for most Canadian companies with interests in both spheres almost invariably is in favour of the former at the expense of the latter.

The "hassle factor" has remained important as anti-apartheid forces have continued to exert sufficient pressure in some cases to influence decisions in favour of disinvestment. This has been true, especially, for Canadian educational institutions which have tended to bow to such pressure, if only to achieve the tranquility necessary to concentrate on their primary area of responsibility: education. Hence the divestment of their endowment fund shares in companies connected with South Africa. While all Canadian educational institutions have not done so, the trend amongst them to divest such shares, broadly speaking, is moving westward across Canada. As mentioned earlier, pension funds generally have been unaffected because they operate under legislative constraints which prevent their trustees from acting on other than strictly financial considerations (e.g. moral or political).

With the exodus of Canadian companies noted above, there remain in South Africa at time of writing only the Canadian Embassy and nine affiliates of Canadian companies. These are listed in Table II. Two of them - National Business Systems Inc. and Sternson Ltd. - have signalled their intention to disinvest in 1988.

TABLE II	
CANADIAN COMPANIES/INSTITUTIONS WITH SOUTH AFRICAN AFFILIATES (at 31 May 1988)	
1. Bauer & Crosby Inc., Kingston, Ontario	
2. Bayer Foreign Investments Ltd., Toronto, Ontario	
3. Govt. of Canada (Canadian Embassy, Pretoria), Ottawa, Ontario	
4. JKS Boyles International Inc., Toronto, Ontario	
5. Menora Resources Inc., Toronto, Ontario	
6. National Business Systems Inc., Toronto, Ontario	
7. QIT Fer et Titane Inc., Montreal, Quebec	
8. Sternson Ltd., Brantford, Ontario	
9. Varity Corporation (Massey-Ferguson), Toronto, Ontario	
10. Unican Security Systems Ltd., Montreal, Quebec	

Despite the smaller number of Canadian affiliates in South Africa, the variety of their activities has not changed significantly. Besides the Canadian Embassy, four are engaged in the mining industry and one each in agricultural machinery, chemicals, computers, construction and security systems (locks and keys). Of those engaged in mining, one is a consulting firm, one manufactures mining equipment and two are involved in mining exploitation, one on land, the other offshore. Among the others, one is a small distributor while the rest are equipment or commodity producers. Apart from the two intending disinvestors - NBS