

(4) Most Canadian universities, with endowment and pension funds to invest, have been forced, under pressure of student and general public opinion, to divest their shares in companies with South African interests. Alternatively, some are only required to do so if the relevant company submits reports under the Code of Conduct and generally meets its standards. As substantial sums are involved, companies affected by such policies receive unfavourable publicity and, in some cases, see the effects in lower share prices.

In short, for most companies, the South African game is no longer worth the candle. At the same time, most of those that have withdrawn from South Africa have done so with reluctance. Apart from the recent recession, South Africa is generally regarded as a rewarding field for investment. Past associations there have been fruitful and the future, once the political situation becomes stable, looks promising. The South Africans need and welcome foreign capital and the technology that normally accompanies it. Further, the Canadian and other foreign affiliates, on the whole have been and continue to be a beneficial influence with respect to their employment and social responsibility practices. Amongst them there is a consensus that disinvestment, instead of contributing to economic and social change has the opposite effect. There is considerable evidence to support this contention, particularly when disinvestment results in South African ownership. The new managers tend to have different objectives which seek to maximize profits for the new shareholders. In the process of achieving these aims, some of the gains promoted by the various Codes of Conduct tend to erode or disappear. Similarly, the loss of external capital and technology in the long run can only affect the disinvested companies adversely and, in the process, the welfare of its employees of whatever race.

Although ten of the eighteen Canadian companies listed (and one not previously listed) in the Code Administrator's first annual report have ceased operating in South Africa, there remain thirteen, of which the Canadian Embassy and four others were not listed last year. Table II reflects this situation.

TABLE II	
CANADIAN COMPANIES/INSTITUTIONS WITH SOUTH AFRICAN AFFILIATES	
<ol style="list-style-type: none"> <li>1. AMCA International Ltd., Toronto, Ontario</li> <li>2. Bauer &amp; Crosby Inc., Kingston, Ontario</li> <li>3. Bayer Foreign Investments Ltd., Toronto, Ontario</li> <li>4. Dept. of External Affairs - Canadian Embassy, Pretoria</li> <li>5. Champion Road Machinery Ltd., Goderich, Ontario</li> <li>6. Cobra Metals &amp; Minerals Inc., Toronto, Ontario</li> <li>7. Ford Motor Company of Canada Ltd., Oakville, Ontario</li> <li>8. JKS Boyles International Inc., Toronto, Ontario</li> <li>9. Massey-Ferguson Ltd. (Varity Corp), Toronto, Ontario</li> <li>10. Menora Resources Inc., Toronto, Ontario (Resumed Ops. early in 1987)</li> <li>11. National Business Systems Inc., Mississauga, Ontario</li> <li>12. QIT-Fer et Titane Inc., Montreal, Quebec</li> <li>13. Sternson Ltd., Brantford, Ontario</li> </ol>	
<p>* Cobra Metals &amp; Minerals Inc. was formerly known as Cobra Emerald Mines Ltd.</p>	

Of the above firms, AMCA International Ltd. has publicly declared its intention to dispose of its South African subsidiary, Bomag (South Africa), and Cobra Metals & Minerals Inc. is currently taking steps toward divestment of its equity in its two affiliates, Springs Dagga Gold Mines Ltd. and Gravelotte Emeralds (Pty) Ltd. Bauer & Crosby Inc. has a consultant relationship with its South African namesake, Bauer & Crosby (Pty) Ltd. The majority equity in the South African firm is held by the management of the Canadian company on an individual basis rather than as a corporate entity. There are no Black employees in the South African company which comprises a total of five staff members. Bayer Foreign Investments Ltd., with five South African affiliates, for the second year running, declined to report under the Canadian Code of Conduct on the grounds that:

(a) While its five South African affiliates are legally subsidiaries of the Toronto firm, operational and financial control rest with the parent firm, Bayer A.G. of Leverkusen, West Germany; and

(b) Bayer A.G. of West Germany reports on all Bayer subsidiaries in South Africa under the European Community Code of Conduct.

National Business System's status in South Africa became known too late to obtain a report on its 1986 operations. Menora Resources Inc. suspended operations in 1986 but resumed small scale activity early in 1987.