Canada and apartheid

New trade policy means business as usual with South Africa

By WAYNE CHEVELDAYOFF
Globe and Mail Reporter

OTTAWA — How serious was Ottawa's announcement late last year that it was ending "all" Government support of trade with South Africa to protest against racial discrimination and apartheid there?

The move was heralded by External Affairs Minister Donald Jamieson in a Commons address Dec. 19 as the "phasing out of all Canadian Government-sponsored commercially supported activities in South Africa." The press and public were led to believe that all Export Development Corp. lending to South Africans would stop and all Canadian-paid commercial officers there would be withdrawn.

However, Government officials say that Canada will continue to pay a South African to be a commercial counsellor at its Pretoria embassy, helping Canadian companies that wish to do business there.

And the Crown-owned Export Development Corp. will continue to be able to lend as much as it wants to South Africans to finance the purchase of Canadian goods.

The only thing being phased out on the lending front is the EDC "government account" loans, for which ministerial approval is necessary.

When deals are too risky to be handled as usual by the EDC's own "corporate account," but the Cabinet still wants to go ahead with the financing, the loans are put on the "government account."

However, there have never been any loans or investment insurance concerning South Africa put on the EDC government account and the announced withdrawal of that facility affected nothing at all.

The EDC will continue to be able to make loans, guarantee loans by banks and offer export-credit insurance on exports to South Africa.

In 1976, the EDC lent on its corporate account $4.6-million to the South African Government through the South African Iron and Steel Industrial Corp., a Government company known as ISCOR, for its purchase of $5.1-million-worth of dump trucks from General Motors of Canada.

Also, during the same year, the EDC lent $1.5-million to Huletts Aluminium Ltd. to buy $1.66-million worth of aluminum mill equipment from B & K Machinery International Ltd. of Toronto. Alcan Aluminium Ltd. of Montreal has a 24 per cent interest in Huletts, which is controlled and managed by South Africans.

Both loans were at a subsidized interest rate of about 8 per cent while the prime lending rate in Canadian banks that year was 10.25 per cent.

In addition, by the end of 1977, the EDC had placed $11.5-million worth of insurance (against non-payment) for exports to South Africa. The agency, however, will not disclose the names of the companies involved.

The Jamieson announcements on trade support were the highlights of a package of "initiatives" announced at the same time.

These moves, which by themselves will have no impact on South Africa or Canadian companies operating there, include the following:

—The future publication of a code of conduct and ethics for Canadian companies operating in South Africa;

—The study of the tariff preferences given to South African goods imported into Canada;

—The study of the income tax preferences granted Canadian companies operating in Namibia, or South-West Africa, where the South African Government's presence has been ruled illegal by the United Nations and international courts;

—The study of "possible" rules on future Canadian investment in Namibia;

—The requirement in the future that South Africans obtain non-immigrant visas on entry into Canada.

Ottawa officials talk vaguely about more action to come along these lines. But nobody is saying when.

There is no question, according to officials, that the Canadian Government will interfere in a major way, such as by the prohibition of Canadian investment in or Canadian trade with South Africa, although Canada has maintained an embargo on arms sales to the country since the early 1960s.

Despite voicing opposition to apartheid in South Africa as early as 1946 in the United Nations, Canada has continued to give full diplomatic recognition to the white racist Government there.

Former prime minister John Diefenbaker had a key role in forcing South Africa out of the British Commonwealth in 1961 over apartheid and Canada for several years has not given financial aid to sports teams playing against South African teams, although there never has been a ban on Canadians travelling to South Africa.

Canada implemented a UN-sponsored voluntary arms embargo in 1963 and tightened up its impact on parts shipments in 1970 along with other United Nations members.

Ottawa now is examining all goods shipped to South Africa to ensure that it complies with a UN Security Council resolution passed last November calling for a mandatory arms embargo on South Africa, which has been supplied with arms by Israel, West Germany and France in recent years. The resolution mentioned para-military and police supplies, and Ottawa is trying to ensure that any "dual purpose" goods, such as motor vehicles and electronic equipment, are not ending up aiding the oppression of the non-white majority there.

Canada is tougher with Rhodesia because a UN resolution specifies a full-fledged trade embargo against that country. South Africa is still not the subject of a UN trade embargo and will not be until Britain, France and the United States change their views and vote for it in the Security Council, Canadian officials say.

Canada's actions last Dec. 19 stem from a variety of concerns and pressures in Ottawa.

As Mr. Jamieson put it that day, "South Africa stands alone. It is the only country which as a basic part of its Government structure . . . has a declared and unequivocal policy (to violate human rights).

"It stands apart as a country which makes decisions affecting human beings on the basis of race and color.

"Therefore, over time it is not surprising that the attitude of the vast majority of the countries of the world has become harder, particularly during these past months when we have seen an increase in the amount of repression, rioting and especially in the disturbances which followed the still unexplained death of a respectable and respected black leader of South Africa, Steve Biko."

Ottawa officials said the combination of greater repression, the Security Council resolution, and the growing feeling in the federal Cabinet that Canada "had to put its money where its mouth has been" were the key factors affecting the December announcement.

There also have been pressures from black nationalist governments in Africa for Canada to help put pressure on South Africa, and Canadian church groups have been calling for years for tougher action.

Canadian officials denied that Canada was deliberately easy with the South African regime because it is a bulwark against the spread of communism on the continent. South Africa accounts for more than half the world's output in such strategic commodities as gold, diamonds and platinum; it also is an important source of manganese and chromium, and the control of these by the Soviet bloc would be a blow to Western nations.

"We're not cold warriors there," an official maintained.

Why, then, does the Canadian Government not do more to press South Africa to abandon its institutionalized racism?

(OVER)

External Affairs Department officials say Canada is against expelling South Africa from the United Nations because Canada is in favor of universality of membership there and, once expelled, South Africa could not be called on by the UN to account for its actions.

Canada is against cutting diplomatic ties with South Africa, officials say, because Canada wants to be able to keep in touch with the Government there to press it "with moral suasion over the long term" to abandon apartheid.

As Mr. Jamieson said, "We strongly believe that what must come in South Africa is the destruction of that kind of system, the introduction of the principle of one man, one vote and of the normal democratic process which all of us in this part of the world take for granted."

Canadian officials say that Ottawa is not likely to impose its own trade and investment embargo on South Africa because it would, by itself, have little effect. "We will have to wait for the United States to advocate such an embargo," one official said.

Hard stance by Canada would backfire

"Also, if we go too hard on them, they'll just get their backs up and get too rigid," the official said of the white South Africans controlling the country.

And Canada and other nations want the co-operation of South Africa in arriving at an internationally acceptable solution to Rhodesia and Namibia (South-West Africa). Canada belongs to a five-country team trying to get the South Africans to leave Namibia.

As Ottawa officials put it, Canada is slightly ahead, about even, or somewhat behind other countries, depending on the subject, in tightening up on South Africa.

For instance, Canada is ahead of other countries in pulling out its three trade commissioners. The Johannesburg and Cape Town offices, along with salaries for the three commissioners, support staff and three South African commercial counsellors, cost about $500,000 annually.

The main job of trade commissioners is to help Canadian businessmen make contacts in South Africa, and one South African commercial officer "will be kept on at the Pretoria embassy to help with clerical work, such as answering questions about the tariff rates and so on," according to Tony Eaton, acting director-general of the Pacific, Asian and African bureau in the Department of Industry, Trade and Commerce.

Mr. Eaton said Ottawa has not sponsored any advertisements or other promotions, such as trade fair exhibits and trade missions, in South Africa in recent years.

In 1972, however, the federal Government did pay the travel expenses of a South African to visit Canada to investigate our supplies of hospital and hotel equipment.

Mr. Eaton says the withdrawal of the trade commissioners will have a big effect on small- and medium-sized Canadian businesses "which will no longer have encouragement to sell there."

Another trade promotion scheme, Program for Export Market Development, which pays half the costs of Canadian businessmen travelling in South Africa, plus $70 a day for expenses, will continue to operate. No withdrawal of it is being planned.

Since 1971, Ottawa has paid $142,074 to Canadian businessmen travelling to South Africa to sell Canadian products.

Canada is behind the United States in limiting official lending to support sales to South Africa. The Export-Import Bank in Washington has made no direct loans to South Africa since 1964 and now guarantees loans of other financial institutions only if they are to be paid back within three years. The Export-Import Bank currently has $200-million (U.S.) in loans and guarantees outstanding to South Africans.

Canada was behind the United States and Australia in requiring visiting South Africans to have non-immigrant visas. Britain still does not require them.

However, such a move has no impact unless the Canadian Government intends to limit the granting of such visas. There is no indication of that yet.

Canadian officials say guidelines to be issued for Canadian companies operating in South Africa will be similar to the broad principles already adopted in the United States and the European Economic Community.

In other words, there may be some encouragement in the guidelines for companies to pay non-whites the same as whites for the same jobs and to train non-whites for supervisory positions. But there will be nothing in them limiting investment or trade with South Africa.

As for the tariff preferences given to South Africa, the key factor is the 1932 bilateral trade agreement between the two countries that gave South Africa certain tariff preferences over and above the "most-favored-nation" treatment South Africa has a right to receive by virtue of its membership in the General Agreement on Tariffs and Trade.

If Canada cancels the agreement, as it can on six months' notice, South Africa would continue to receive the most-favored-nation tariff rates, which are the same as those accorded the United States and other major Canadian trading partners. Only Commonwealth countries would continue to benefit from the lower "British preferential" tariff rates.

Of the $156-million worth of imports from South Africa in 1976, about $101-million came under the special bilateral trade agreement and $96-million of this was raw sugar, imported by the East Coast sugar refineries.

Sugar is the main commodity that would be affected. About 40 per cent of Canadian sugar imports come from South Africa, with about 50 per cent from Australia and 10 per cent from Cuba.

There is no tariff currently on South African sugar, but cancellation of the bilateral agreement would impose a one-cent-a-pound tariff. The sugar refineries are telling Ottawa that they would continue to import sugar from long-standing reliable sources in South Africa and pass the extra cost on to the Canadian consumer if the bilateral agreement were terminated.

The next major item to be affected would be the annual $800,000 worth of imports of South African wines, which enjoy a tariff of about 40 cents a gallon while the most-favored-nation rate is more than 50 cents a gallon.

A small number of other imports would be affected but in negligible terms. Brandy and canned pineapple, both showing imports of over $1-million a year, already come under most-favored-nation rates.

Other imports include fresh fruit, oranges, wool, diamonds, metal ores and alloys. After peaking in 1975, the over-all level of imports from South Africa dropped 20 per cent in 1976 and a further 25 per cent in the first half of 1977.

Canada's exports to South Africa, worth $96-million in 1976, were very small in over-all terms for Canada, but South Africa continued to be Canada's biggest market in all of Africa, with Algeria running a close second.

Main Canadian exports to South Africa are zinc, sulphur, woodpulp, trucks and parts, agricultural machinery and hundreds of small items. For no item does South Africa represent a major market for a Canadian exporter.

The income tax preferences granted Canadian companies operating in Namibia and South Africa are a complicated mixture of provisions in the 1957 double taxation agreement between the two countries and Canadian tax regulations.

Currently, Canadian-owned subsidiaries in South Africa pay a nominal 41 per cent rate of tax on profits earned there, plus a tax on dividends remitted to Canada amounting to 9 per cent of profits for a total tax rate of about 50 per cent.

As a result of the double-taxation agreement, these dividends are not taxed when received by the Canadian parent company.

If the double taxation agreement is cancelled, there may be little impact on Canadian companies, depending on the situation. According to federal tax rules, the Canadian companies would be taxed by Ottawa on the South African profits at the Canadian rate (about 50 per cent) and get full credit for taxes paid in South Africa (again about 50 per cent).

The only time a Canadian parent company would end up paying more tax than it now does would be when the South African subsidiary's effective tax rate is below 50 per cent because of special South African tax incentives.

Cancellation of the double taxation agreement would mean South African companies in Canada would have to pay a 25 per cent withholding tax to Ottawa on profits leaving Canada, compared with a current rate of 15 per cent.

Canadian companies operating in Namibia are being taxed here at Canadian income tax rates because there is no double-taxation agreement affecting their operations in Namibia, although they are given credit for income taxes paid there.

Church groups and others have argued that granting credits for taxes paid to the South-African-dominated regime in Namibia is tantamount to recognizing the legality of the regime, which has been ruled illegal by the United Nations and international courts.

There is no indication that Ottawa will do more than study the tax treatment of Canadian companies in Namibia.

Explaining the reason for no quick action to date, Mr. Jamieson said in the Commons that Ottawa does not want to penalize Canadian companies that started operating there under legitimate processes. Also, Canada does not want to jeopardize its current negotiations to settle the Namibian problem once and for all.

Banks lend heavily despite criticism

Canadian money bolsters South Africa

By WAYNE CHEVELDAYOFF
Globe and Mail Reporter

OTTAWA — Bank lending is now the most important of the political and economic factors that can bolster the South African Government, according to Renate Pratt, executive secretary of the Task Force on the Churches and Corporate Responsibility.

The task force, established jointly by several Canadian churches, has been critical of the Big Five Canadian chartered banks for lending to pro-apartheid South Africa and has called on them to withdraw their financial support.

Western banking consortiums have lent hundreds of millions of dollars to government and private companies in South Africa, and Canadian banks, such as the Royal Bank, Bank of Montreal, Canadian Imperial Bank of Commerce, Toronto-Dominion Bank and Bank of Nova Scotia, have been involved as usual in the consortium loans.

Miss Pratt, co-author of a 1973 YWCA study entitled Investment in Oppression, said that the South African economy currently is in trouble and the Government needs private bank loans to help it with projects aimed at bolstering the economy.

For their part, the Big Five Canadian banks will not say officially what they have invested in South Africa.

While making vague comments about being socially responsible at recent shareholder meetings, the banks have not moved an inch.

The banks continue to reserve the right to make loans in South Africa or anywhere else in the world, while rejecting demands from the public for information about their lending activities with respect to South Africa.

Secret documents published in the United States, however, show that three Canadian banks lent a total of $19.5-million to the South African Government and two of its agencies in the early 1970s. The Bank of Commerce lent $6-million, the Bank of Montreal $7.5-million and the Toronto-Dominion $6-million as parts of bank consortiums.

The Royal Bank is involved in lending to South Africa through the London-based Orion Bank Ltd., of which the Royal owns 20 per cent, as well as possible direct loans.

Western bank lending totalled $1-billion or more in 1976 alone, and a U.S. senator estimated that the U.S. banks' outstanding loans to South Africa amounted to about $2-billion by the end of 1976, both directly from the United States and through overseas branches of U.S. banks.

In the face of mounting pressures from the United Nations for an embargo, U.S. banks have generally maintained lending to South Africa.

The only possible exception is the Chase Manhattan Bank, whose chairman, David Rockefeller, announced two months ago that Chase would not make loans that tended to support apartheid. The bank's representative in Johannesburg, however, told a local newspaper that Chase is nevertheless "just carrying on as before, and we'll shortly be moving to bigger premises."

Recently, Fred McNeil, chairman of the Bank of Montreal, told a shareholders' meeting that while lending to South Africa involved a moral question, a boycott of the country "would not be morally defensible or morally consistent."

The boycott would hurt black Africans by bringing about economic hardship, exacerbating conflict and bringing an end to progress that is now being made, he said.

Mr. McNeil said he visited South Africa during the past year and asked civil rights advocates there whether the bank should adopt a lending boycott.

"Not one of them, not one, agreed that we should do what you suggest we do. No church leader, no black leader, no colored leader, no Indian leader," he said.

Their message was that too much outside interference or a stoppage of investment would make their problems worse, Mr. McNeil stated.

At the Royal Bank of Canada, president Rowland Frazee says the bank looks at the social consequences of all loans it makes around the world. But the bank does not specify what social criteria its lending officers apply and church group officials feel the bank's statements about "social" considerations is merely a smokescreen.

The Royal Bank, as other Canadian banks, has rejected in principle any suggestion of economic sanctions against South Africa.

None of the Big Five banks would say whether it had changed its lending policies recently in the light of public pressure or increased risk of violence and war in South Africa.

One banker, while refusing to talk publicly about the matter, was privately sympathetic to a hard line against the apartheid regime.

"It's up to the federal Government to make Canada's foreign policy. Up to now, they have encouraged trade and investment in South Africa and as far as I can see they are still not discouraging it."

The Canadian Government announced a series of measures last month that would withdraw some financial support for trading with South Africa. But so far Ottawa is not telling companies to stop investment and trade with the country.

Not bothered by Ottawa trade moves

Trouble in South Africa doesn't deter Canadian firms

By WAYNE CHEVELDAYOFF
Globe and Mail Reporter

OTTAWA — Despite mounting violence and oppression in South Africa and a Canadian church campaign against the apartheid regime, Canadian companies operating there have dug in to stay.

Several Canadian businesses surveyed recently said they have no intention of pulling out of South Africa, or of engaging in any kind of boycott. Among those polled were the four with the biggest stakes in South Africa: Massey-Ferguson, Ford of Canada, Bata and Falconbridge.

The view of the Canadian companies generally is that pulling out would hurt black South Africans by depriving them of jobs and incomes. Some did hint that the church lobby, known as the Task Force on the Churches and Corporate Responsibility, has forced them to improve working conditions for black South African workers.

Nothing the Canadian Government has done so far has bothered the big companies. An announcement Dec. 19 of the removal of some Government support of trade with South Africa will not affect Canadian companies operating there because they sell little to South Africa. They also have their own trade networks and do not need Canadian Government support.

Voluntary code

External Affairs Minister Donald Jamieson said in his December announcement that the Government is developing a voluntary code of business ethics for Canadian parent companies with subsidiaries or investments in South Africa. But company spokesmen say the promised prior consultation with them has not started yet and they do not know when the code will be published.

In any event, none of the businesses expressed concern about the promised code, which probably will be limited to vague guidelines proposing that non-whites be paid the same as whites for the same work and be trained where possible for supervisory jobs.

The companies say that they already do such things but that they have to stay within South African apartheid law, which reserves some jobs for whites and thus prevents equal opportunity for all races.

The question of Canadian Government policy toward business investing and trading with South Africa has been up in the air since Prime Minister Pierre Trudeau hinted to a reporter in 1970 that he did not like it. "It's not consistent . . . . We should either stop trading or stop condemning."

At the time, Canada had been expressing opposition to apartheid in South Africa, which denies blacks the vote and many other democratic rights. Canada also had joined in a United Nations arms embargo.

Trade promoted

But the Trudeau Government did little in the way of an economic boycott with South Africa. Instead, it has continued to promote trade with and investment in South Africa through Export Development Corp. programs and by paying half the travel expenses for Canadian businessmen seeking markets.

At one point in the early 1970s, the federal Cabinet did order the Crown-owned Polymer Corp. (now known as Polysar) to sell a small subsidiary operating in South Africa.

Last month the Government withdrew its power to lend directly to sponsor trade with South Africa, although it had never exercised the power.

The Crown-owned Export Development Corp. can still lend to South Africans and currently is considering another loan.

The Government has never told Canadian businesses to stop investing in or trading with South Africa, and Government officials say it won't until the United States decides such a move is a good thing.

Canadian direct investment in South Africa appears to be small when one first glances at Statistics Canada figures. Investment in subsidiaries there (equity investment and direct loans to affiliates and subsidiaries) was $119-million at the end of 1975, up slightly from $111-million four years earlier.

But these figures do not show the total assets Canadian companies have in South Africa. For instance, Ford of Canada has $170-million in assets. Massey-Ferguson's books show a direct investment from Canada of $1.8-million, but a wholly owned Massey subsidiary in South Africa has about $50-million in assets.

Similarly, South African direct investment in Canada seems to be a small at $185-million. (This is direct investment from all of Africa in Canada at the end of 1974 but statisticians say it is almost all from South Africa.)

The investment reflects mainly the vast empire built up in Canada by the Anglo American Corp. of South Africa, which is controlled by the Oppenheimer Group. And Anglo American controls more than $600-million worth of Canadian assets, including Hudson Bay Mining and Smelting, Francana Oil and Gas and other resource companies.

South Africa has a strong contingent promoting trade in Canada, with three commissioners in its Toronto office. The South African Embassy in Ottawa maintains a low profile, and most of the public relations effort for North America is done from New York, where a publicity and lobbying firm is paid half a million dollars a year.

The South African Government also pays travel expenses for Canadian parliamentarians and other influential people who visit the country.

Nova Scotia MP Robert Coates, national president of the Progressive Conservative Party, recently took a free trip to South Africa and later wrote articles favorable to the apartheid regime.

Renate Pratt, executive secretary of the Toronto-based Task Force on the Churches and Corporate Responsibility, said Seagram Co. Ltd. of Montreal had been dissuaded in recent years from investing in a distillery in South Africa.

However, a spokesman for the company said recently that "the board of directors of Seagram rejected out of hand the idea of investment in South Africa." The company's South African subsidiary, Highland Bonding Co. (Africa) Pty. Ltd., is used only to obtain liquor import licences, and the company has no other investment there, the Seagram spokesman said.

But the Seagram attitude appears to be rare.

Anthony Hampson, president of the Canada Development Corp., reflects the view of most Canadian businessmen when he says that "we have an apolitical attitude, basically . . . . We have no policy on apartheid."

The CDC, through Conlab Holdings, owns a South African sales company called Dumex (Pty.) Ltd. Mr. Hampson said that "it would be wrong to have a policy of not selling life-saving drugs to South Africans" because of the apartheid regime.

Mining multinational Texas Gulf, controlled by the CDC, is undertaking a chromium exploration program in South Africa, although Mr. Hampson said no decision has been taken on whether it will lead to a mining investment.

"South Africa has never come up. But speaking personally, it is not a good business risk right now," said Mr. Hampson, who is a Texas Gulf director.

Big multinational companies around the world have a major stake in South Africa, which is rich in minerals and has a bigger population than Canada.

Foreign companies in South Africa include the West German Bayer group; British companies such as Rio Tinto-Zinc, British Leyland and George Weston; and U.S. companies such as General Motors, IBM, Coca-Cola, Mobil, Goodyear, Firestone, Carnation Milk, Otis Elevator and General Electric.

The Canadian-owned companies in South Africa interviewed by The Globe and Mail included:

—Insurance broker Reed Shaw Osler Ltd. of Toronto, which owns several South African companies (100 employees) through a recently acquired British company called Stenhouse.

—Bata Ltd. of Toronto, which has a subsidiary (2,200 employees) producing five million pairs of shoes a year for the "modestly profitable" South African market.

—Business-form retailer Moore Corp. Ltd. of Toronto, which owns several South African companies through a wholly owned British subsidiary, Lamson Industries Ltd.

—Massey-Ferguson Ltd. of Toronto, which has several subsidiaries (2,000 employees) making agricultural and industrial equipment in South Africa, with total sales amounting to about $75-million a year.

—The Hudson's Bay Co., which handles about $70-million in consignment sales of Persian lamb skins from Namibia and South Africa each year, with some of these marketed in Canada under the Swakara label after being converted into coats in Europe.

—Alcan Aluminium Ltd. of Montreal, which owns 25 per cent of Huletts Aluminum Ltd. (900 employees), a South African-controlled aluminum fabricator, and 33 per cent of Silicon Smelters (Pty.) Ltd. (300 employees), which produces silicon needed in making aluminum alloys.

—Inco Ltd. of Toronto, which closed its exploration subsidiary in South Africa a few years ago but is still active there through another subsidiary, ESB-Rayovac Inc. The subsidiary has two

(OVER)

battery manufacturing plants (285 employees) and $2-million a year in South African sales.

—Noranda Mines Ltd. of Toronto, which closed an exploration subsidiary in South Africa in recent years but through another subsidiary, Canada Wire and Cable Co. Ltd., has a 50 per cent interest in a South African cable manufacturer called Transwire Cables (Pty.) Ltd. (50 employees).

—Consolidated-Bathurst Ltd. of Montreal, which had a newsprint sales subsidiary in Johannesburg but closed it four years ago.

—Cominco Ltd. (controlled by Canadian Pacific Investments Ltd.), which has a four-employee exploration subsidiary, Eland Exploration (Pty.) Ltd., operating in South Africa.

—Maclean-Hunter Ltd. of Toronto, which owns 70 per cent of Westbourne-Maclean-Hunter (Pty.) Ltd., employing about 30 people and publishing half a dozen trade journals in South Africa.

—Falconbridge, which has a 25 per cent interest in a South African platinum producer called Western Platinum Ltd. (6,000 employees), and a 75 per cent interest in a Namibian copper-silver mine called Oamites Mining Co. (Pty.) Ltd. (450 employees).

—Ford Motor Co. of Canada Ltd., which is controlled by Ford Motor Co. in the United States and has a wholly owned subsidiary (4,700 employees) in South Africa that makes trucks, cars and parts and records annual sales of $220-million.

Other Canadian companies known to have investments in South African companies include Brilund Mines, Dominion Textile, International Harvester, Laurasia Resources, Molson, Placer Development, Thomson newspapers and Scintrex.

None of the companies surveyed had plans to increase investments in South Africa. And none voiced concern about the voluntary business code of ethics that the Canadian Government intends to introduce.

Government officials say the code is intended mainly to catch up to similar moves by the United States and European countries. The code is not going to correct a "scandalous or disgraceful situation on the part of Canadian companies in South Africa because there isn't any such thing," one official said.

Similar to another

The officiials say the Canadian code will be very similar to one already adopted by more than 30 companies, including Ford, in the United States, and to one introduced by the European Economic Community last September. The U.S and European codes centre on these basic principles: no segregation of races in work and eating areas; equal and fair employment practices for all; equal pay for comparable work; training of non-whites for supervisory positions; and improvements in housing, health, school, transportation and recreation facilities for employees.

The European code adds a requirement that companies report annually on the progress they have made in implementing the principles.

Ford, Massey-Ferguson, Falconbridge and Bata say they already are following such principles in South Africa and Namibia (a territory over which South Africa has retained control in defiance of the United Nations). And Alcan says it puts as much pressure as it can on its South African partners to be liberal-minded and progressive in their employment practices.