Cheap Wine, Bitter Aftertaste

WINE EXPORTS FROM SOUTH AFRICA TO GERMANY

ROSA LUXEMBURG STIFTUNG

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Contents

Photo: piqsels

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A Summary of the Most Important Aspects

German importers are of paramount importance to South Africa's wine sector, with Germany the second-largest **importing country** of wine after Great Britain. Wine is traded in two forms: either in large tanks or in bottles. Germany imports even more bulk wine in tanks from South Africa than Great Britain. Wineries like Peter Mertes or Zimmermann-Graeff & Müller bottle millions of litres of wine from South Africa every year, which then end up on the shelves of German supermarkets and discount stores. Along with its food retail industry, Germany's specialist wine retailers and hospitality sectors are also significant importers of South African wine. Companies such as Hawesko Holding—which includes subsidiaries such as the Jacques' Wine-Depot, the Champagne and Wine Distribution Company (CWD), and Wein Wolf—also import large quantities of wine from the country, and the online trade in South African wine is also gaining momentum.

It is primarily the market power of the food retail sector in Germany that is putting pressure on South African wineries and vineyards to become more flexible and competitive in terms of pricing. When it comes to purchases within the retail sector, unfair trading practices tend to be the rule rather than the exception. Suppliers pay a fee amounting to approximately one quarter of their sale price in order to even be included in the list of suppliers, and are also required to pay extra if they wish to have their product displayed in a clearly visible spot on the supermarket shelf. German retailers inform South African wineries of the quantities of wine that they plan to purchase at very short notice, and these outsourced risks are then passed down the supply chain to the farms. The technical basis for this flexible system is the flexitank, which is not only a cost-effective means of transporting large quantities of wine, but also allows for wines to be blended after a longer period of time without compromising their flavour. This system has enabled wineries like Peter Mertes to produce wines in bottles which appear to be homogeneous but are in fact blends; that is, a mixture of wines from different producers. The trade in bulk wine has led to vineyards and wineries in South Africa becoming more interchangeable. A major share of the added value is being shifted from South Africa to Germany.

The **price margins** along the supply chains of the retail sector are extremely inequitable. When wine is exported, a share of less than 16 percent of the retail price charged in Germany actually remains in South Africa. Over 60 percent of the margin is shared by the discount retailer and the bottling winery in Germany. Roughly 7 percent is kept by the vineyard and the exporting winery in South Africa, with workers only receiving 1.4 percent of the retail price. The development of the import price of bulk wine over the last ten years illustrates the price pressure exerted by German importers on the South African wine sector: the price has consistently been less than 80 cents (90 US cents) per litre, with the value of the South African rand in steady decline. This curve would take a significantly sharper downwards turn if adjusted for inflation. In 2018, the price per litre of bulk wine was just under 60 cents (66 US cents). However, Germany is not only a key importer of low-price wines, but also of wines from the higher price categories. South African producers are able to attain three to five euros per litre in these higher price categories, which are, however, considerably limited in terms of volume.

The price pressure exerted by the German food retail sector is exacerbating the **crisis** in which the South African wine sector already finds itself. According to a statement from the South African Department of Employment and Labour in March 2020, a particularly high rate of violations of coronavirus regulations for occupational health and safety took place in the agricultural sector. Masks and disinfectants were often not distributed, and social distancing measures were not observed in the fields and packhouses. The South African wine sector was also hit particularly hard by the government's ban on the sale of alcohol within the country during the coronavirus pandemic, which has led to the industry becoming especially reliant on its exports. According to a statement from the producers' association, more than 21,000 jobs in the wine sector are being cut. 80 percent of farm workers in the wine sector are seasonal workers; when the harvest season ends in March, they rely on the state's Unemployment Insurance Fund (UIF), and their access to the relevant administrative bodies has been significantly impeded by the lockdown. The shutdown of public transport services during the lockdown primarily impacted workers living on remote farms in isolated locations, as they have to travel to nearby towns for medical appointments, appointments at government offices, or to do grocery shopping. The coronavirus lockdown has thus exposed the extreme precarity that already pervades the wine production industry. The minimum wage in the agricultural sector is currently 18.68 rand per hour, which equates to roughly €1.16. The weekly wage for a 45-hour work week is 840.60 rand (just under €52), which is about one third below the living wage needed to support a household, as calculated by the NGO Pietermaritzburg Economic Justice & Dignity (PMBEJD).

The investigations conducted on four farms in South Africa as part of this study revealed that violations of fundamental human rights and labour rights took place at each location. All of the farms in question also supply the German market either through retail groups such as Edeka and Kaufland/Real, or through specialist wine traders.

- The **Groot Constantia** farm uses pesticides containing active substances that are classified as highly hazardous according to the Pesticide Action Network (PAN), such as paraquat, imidacloprid, and deltamethrin. It was also noted that workers on the farm were not provided with sufficient protective equipment.
- **Van Loveren** is the largest private winery in South Africa. On the Vinkrivier farm, which belongs to Van Loveren, workers source their drinking water from a nearby canal. Workers claim that this water is not clean because animals walk through the canal. Another problem workers face is the lack of toilets, which means they are forced to relieve themselves in the fields.
- On the **Leeuwenkuil farm**, workers are evicted from the farm when they reach retirement age, as are the children of farm workers as soon as they turn 18. The workers' freedom to organize is aggressively suppressed. This year, the shop steward, a member of the Commercial Stevedoring Agricultural & Allied Workers Union (CSAAWU), was dismissed because of trade union activities.
- On the **De Goree farm**, which belongs to the **Robertson Winery** cooperative, workers employed through labour brokers are subject to worse treatment than those employed directly by the farm: they are more likely than salaried workers to be sent back to work in the fields after highly dangerous pesticides have been applied, thus putting their health at risk.

The vast majority of workers on these farms work on a seasonal basis rather than on permanent contracts. Many of them work for so-called labour brokers, which are essentially temporary-employment agencies. In an interview with 14 seasonal workers employed on these vineyards, it became apparent that extensive labour rights violations were taking place: with contracts left incomplete and work done on a piecework basis where workers who fail to meet daily piece rate targets three times are dismissed, placing workers under extreme pressure—essentially conditions verging on forced labour.

Trade union organization along the entire wine supply chain is a critical factor in terms of enforcing labour rights and attaining adequate wages for workers. There are no forms of industry-wide collective bargaining in the South African agricultural sector; working relations are marked by conflict, and trade union activists are regularly subjected to intimidation, or even fired. The processing and retail sectors in Germany have a significantly different union tradition, but workplace co-determination and wage agreements have been significantly compromised in these areas. Only two of the larger wineries in the supply chain have a works council, and only one of the wineries pays its staff based on a collective wage agreement with the Food, Beverages and Catering Union (NGG). There are hardly any workers' councils in the food retail sector either, for example at Aldi Süd, Lidl, or at the privately owned and operated Rewe and Edeka stores.

Another problem is transparency. When wine is imported in tanks, its exact origins remain unknown. The use of **sustainability labels** as a means of privately regulating the supply chain is no substitute for transparency and trade union work. Three of the four farms investigated in this study are certified by the Wine and Agricultural Ethical Trade Association (WIETA). The proliferation and potential implications of certification by the Business Social Compliance Initiative (BSCI) are not transparent. The requirements of the Fairtrade label are stricter and more comprehensive than those of WIETA, but only a small number of vineyards in South Africa have the Fairtrade certification.

A number of other **measures**, which are described in detail in Chapter 5, are required to improve the living and working conditions of workers on vineyards in South Africa's Western Cape province:

- The **German Federal Government** must adopt a national supply chain law that codifies the human rights due diligence of companies based in Germany that operate at the transnational level. Such legislation must include mechanisms that guarantee the right to freedom of association at all points along the supply chain. Efforts to attain living wages for workers cannot be decoupled from the right to collective bargaining. Furthermore, the German government must exceed the minimum requirements in its current implementation of the EU's Directive on Unfair Trading Practices in the food sector and also use regulations to enforce a ban on the sale of goods at dumping prices.
- The **South African government** must significantly increase the number and scale of health inspections on farms and penalize violations of labour law, especially during the current global health crisis. The government must introduce the payment of a Basic Income Grant (BIG). There is also a need for a tripartite discussion between government, trade unions, and companies in response to the lockdown to prevent pay cuts and dismissals in the wine sector. The South African government should develop a framework legislation for private sustainability standards that strengthens the rights of trade unions to participate in developing and enforcing these standards. Evictions from farms must be stopped.
- In light of the current pandemic and its impact within South Africa, **German wine importers** have a particular responsibility on the ground. They must be transparent about their sources of supply and pay fair prices. The food retail sector should demand collective bargaining agreements as a precondition for their contracts with South African wine suppliers. While in Germany, the embargo on collective agreements becoming generally binding for the whole sector should be lifted.

1 Approach and Methodology

This study analyses the supply chain of wine between the region of production in Western Cape—one of the major wine growing regions in South Africa—and the target market in Germany. It focusses on the working conditions and perspectives of the farm workers who live and work on South African vineyards.

The study builds upon existing research on global supply chains,[1] which traces the path of a product from the site of production, through the processing and marketing stages, to its end use. This perspective allows us to take into account the production and marketing system in its entirety, including its social relationships. The question from the perspective of political economy is how corporations use their position of power within the supply chain to regulate it and secure the largest share of the profits generated in the chain for themselves. An analysis of the reverse side is closely linked to this: namely, how the poverty and exploitation of workers is increasing within the supply chain, what kinds of trade union organization exist along the supply chain, and how conflicts between the various stakeholders within the supply chain are resolved (Selwyn 2019; Luig 2019).

In addition to the Rosa-Luxemburg-Stiftung (RLS) and the Trust for Community Outreach and Education (TCOE), this study is also being published by the trade unions Vereinte Dienstleistungsgewerkschaft (ver.di), the Commercial Stevedoring Agricultural and Allied Workers Union (CSAAWU): organizations that are themselves active along the supply chain examined. The conditions on the farms are therefore examined with reference to labour law and human rights. The impacts of private sustainability standards are primarily evaluated from the perspective of trade unions.

In the past few years, a variety of publications have been released by civil society organizations from the Global North that call attention to the working conditions of farm workers in global wine supply chains (War on Want 2009; Human Rights Watch 2011; KASA 2016a; KASA 2016b; Oxfam 2017). It is thanks in particular to the publication released by Oxfam that public awareness of the problematic working conditions in the South African wine sector has been raised. The present study builds on this publication and goes beyond its framework in two regards: firstly, it outlines concrete links in the supply chain, examining vineyards that actually supply the German specialty market and food retail sector; and secondly, it not only documents labour law violations but also illustrates different forms of union organization.

The study is based on research and interviews that were conducted by the TCOE and the RLS.[2] Twelve groups of workers on the farms examined were interviewed in four stages between 2018 and 2020 (April and May 2018, December 2018, June and July 2019, and June 2020). Six individual interviews were conducted with different experts along the supply chain (see Table 3 in the appendix). The research conducted on the farms took place in a conflict-ridden environment, which is why interviews were initially only conducted with workers and not with the farm management. Where possible, key statements and findings (for example, quantitative estimates) were verified in subsequent interviews conducted with other workers. Afterwards, the wine producers, importers, food retail companies, and the standards organizations discussed in the study were contacted for comment. The workers interviewed for the study remained anonymous, as workers both past and present have often been subjected to intimidation and even dismissal after making public statements.

The study is divided into four sections. In the first section, the structure of the supply chain from the vineyards in South Africa through to the retailers in Germany is outlined and analysed in terms of how the buying power of German importers impacts trading practices and price margins along the chain (Chapter 2). The following section describes how the Western Cape's transformation from an apartheid regime to a neoliberal agrarian economy affected the conditions for workers on South African vineyards. This section also outlines the trade union presence along the wine supply chain from South Africa to Germany, and the growing importance of private sustainability standards within the context of a deregulated supply chain (Chapter 3). This is followed by a detailed examination of four farms that supply the German market (Chapter 4), with the concluding section summarizing the outcomes of the study and articulating a number of policy recommendations (Chapter 5).

This study is published by trade union organizations such as ver.di, CSAAWU, and TIE, which are themselves active in the supply chain under investigation.

1 See Gereffi et al. (1994). In this study, we have made a conscious decision to refer to the "supply chain", because the term "value chain" implies an additional added value accrued through activities such as design and branding.

2 The group interviews on the farms were primarily conducted by the TCOE. Part of the study is closely linked to another research project conducted by the organizations SOMO and TCOE (see SOMO 2020).

2 The Supply Chain from South Africa to Germany

Germany is one of the biggest consumers of wine in the world. Less well-known is the fact that at roughly 100,000 hectares in total, Germany's vineyards are comparatively small, which is why it imports considerably more wine than it produces (OIV 2019: 22; Deutsches Weininstitut 2019: 18, 28). Germany is therefore the largest importer worldwide in terms of quantity, ahead of even Great Britain and the USA. Germany primarily sources wine from Western Europe, with France, Italy, and Spain as the most important export countries. South Africa is the most significant supplier to the German market outside of the European Union, even ahead of other countries like the USA, Australia, Chile, and Argentina. While Germany produces approximately two thirds of its white wine, the demand for red grape varieties such as Cabernet Sauvignon, Pinotage, and Shiraz, which are imported in considerable quantities from South Africa, has increased significantly in recent years.

Consequently, the reverse is also true: Germany constitutes a key market for South African wine producers. In 2018, Germany was the second-biggest importer of wine from South Africa, behind Great Britain but ahead of the USA, the Netherlands, and Sweden.

Wine is traded internationally in two different forms. Traditionally, grapes are pressed in wineries situated in close proximity to the vineyard, then immediately bottled and exported. However, the method of exporting wine in tanks has become increasingly popular in the last 20 years; large quantities of wine are exported from South Africa in so-called flexitanks and only bottled in the importing country. South Africa is ahead of the curve when it comes to this new method of exporting wine, as is Germany in importing it. In 2016, 13 percent of international trade was conducted in flexitanks (CBI 2016), and in 2018, the proportion of bulk wine exported in tanks from South Africa to Germany was over 80 percent. Trading wine in tanks makes for a more climate-friendly form of transport, but at the same time, a considerable amount of the value creation is shifted from primary production to the downstream parts of the chain. It therefore comes as no surprise that, at €1.04, the average price per litre (for both bulk and bottled wine) that German importers pay to

In 2018, Germany was the second-biggest importer of wine from South Africa.

Wine production is among the most labour-intensive sectors of the South African agricultural industry.
Photo: jacoblund/iStockphoto

their South African business partners is the lowest of the prices paid by the ten main import countries (Deutsches Weininstitut 2019: 29).[3] The South African wine industry is thus attempting to reduce its share of bulk wine exports, which currently totals around 60 percent. South African wine producers are aiming to further reduce this share to 40 percent (SAWIS 2019: 5).

A substantial amount of the wine imported from South Africa to Germany is re-exported to other countries. The expansion of German discounter and supermarket groups in Europe is an important driving force behind this re-export market. Lidl, for example, now operates more than 10,000 stores in 20 European countries (Sustainability Institute 2017: 52). Many major German retailers operate through their own wineries, with wine from South Africa bottled in Germany, but often sold in other countries. The large wineries in Germany also increasingly have direct contact with overseas customers. According to estimates by a German wine marketing company, no less than 40 percent of the bulk wine imported from South Africa is re-exported from Germany. The figure for imported bottled wine, however, is much lower (ibid.: 48).

Wine Production in South Africa

The wine industry is one of the South African agricultural sector's largest export businesses. There are currently almost 2,900 **vineyards**, the majority of which are located in the Western Cape (SAWIS 2019). In addition to these vineyards, a number of businesses produce table grapes for direct consumption; these companies tend to be situated in the Northern Cape, which has a warmer and drier climate. Approximately half of the grape varieties grown in South Africa are for white wines (such as Chenin Blanc, Sauvignon Blanc, and Chardonnay), one third are varieties for red wines (such as Shiraz, Cabernet Sauvignon, Merlot, and Pinotage), and a smaller number are for rosé wine (SAWIS 2019). The vineyards are family businesses in the sense that they tend to have been owned by individual white families for generations, who often cultivate large tracts of land and have always heavily relied on cheap labour by Black workers. South Africa's vineyards are under a great deal of price pressure, which leads to the ownership of ever more expansive areas of land being concentrated in the hands of an increasingly limited number of people; between 2008 and 2018, the number of producers decreased by one third (ibid.). Price pressure has also led to a number of businesses gradually replacing wine cultivation with other crops such as citrus fruits. Between 2013 and 2018, the area of land used for cultivating grapes was reduced from 100,000 hectares

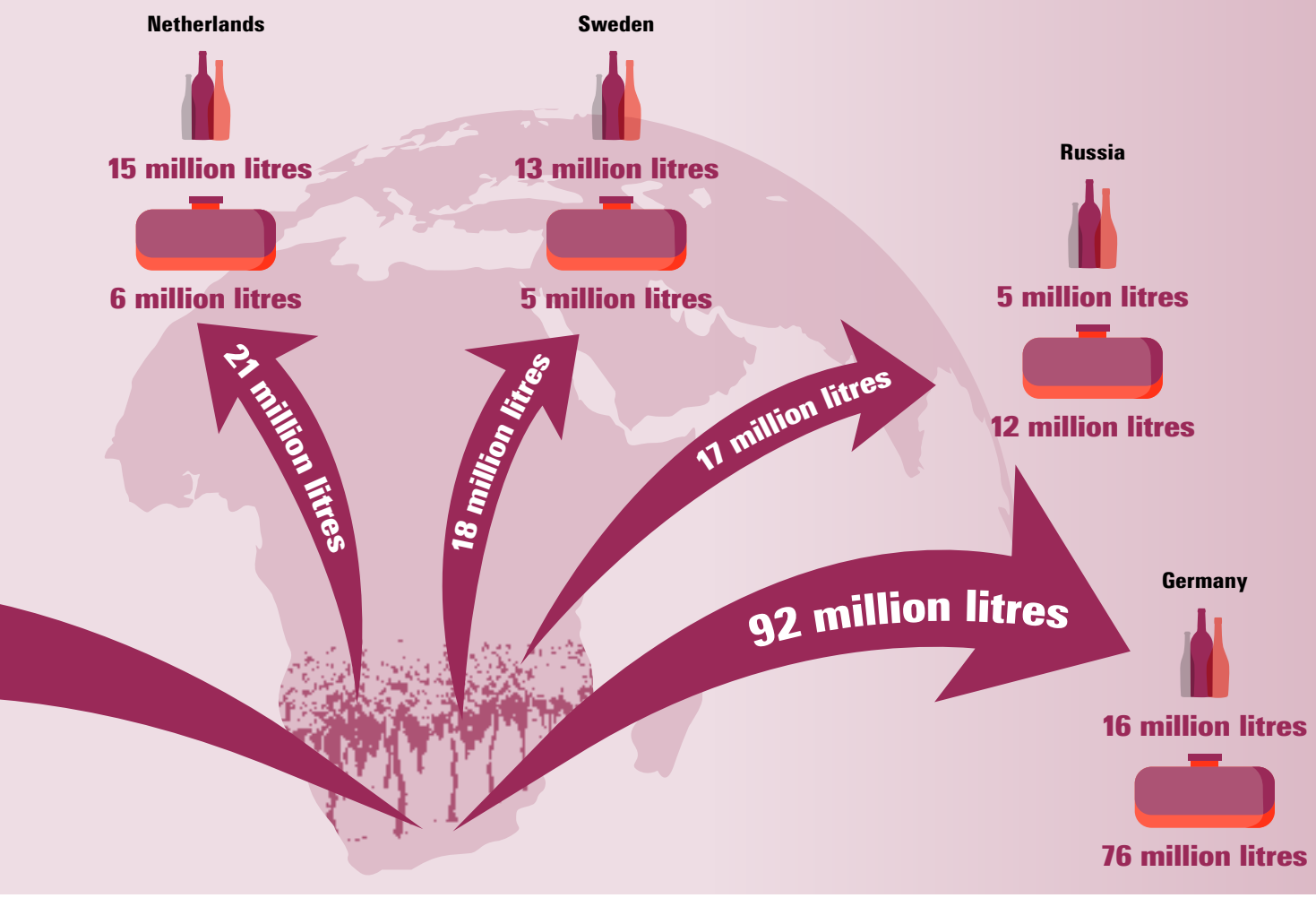
3 The currency exchange rate between rand, euro, and US dollar from 31 December 2019 is used unless otherwise specified.

Figure 1: 2018 global wine exports from South Africa in litres

to 94,000 hectares. One particular challenge faced by producers is that their ability to react quickly to market dynamics is limited, since vineyards only begin to produce a good harvest three to five years after being planted. This was exacerbated by the droughts that occurred in recent years: in 2018, the harvest was 15 percent smaller than in the previous year, and in 2019, the harvest was smaller than it had been since 2005 (ibid.). Approximately 220 of the vineyards are officially registered as "wine estates" (SAWIS 2020). These wine estates do not just grow grapes, they also press them into wine, which they then bottle and market under their own brand. These estates are also permitted to buy up a portion of the wine from neighbouring vineyards and market it under their own label (Stienhans 2016: 111). The wines from wine estates generally cover the premium segment of the market. In Germany, they cost seven euros and more—often up to €35 per bottle. Wine estates combine wine and tourism; they often operate their own restaurants and offer wine tastings. They export wine in small quantities and often work together with specific importers in the respective target markets.

The vast majority of vineyards do not process their grapes themselves, but instead supply them to external **wineries**. There are just under 550 wineries in South Africa that conduct the entire labour-intensive process of maceration, pressing, fermentation, and aging (SAWIS 2019); some of these wineries operate as cooperatives. The owners of the vineyards that supply the cooperatives have often been shareholders for generations. Generally, there tends to be a close relationship between the two, which requires the winegrowers to supply their entire harvest to the cooperative. During apartheid, the cooperatives received strong support from the government and continue to dominate the wine industry to this day, at least in terms of revenue. Approximately 80 percent of South African wine is produced by less than 50 cooperatives, which predominantly produce bulk wine in tanks and only bottle small quantities under their own brand. In addition to cooperatives, private wineries have also become increasingly important since the end of apartheid. In the 1990s, many vineyards established their own wineries, but now a concentration is taking place in this sector as well. Private wineries are owned either by shareholders who are not farmers themselves, or by winemaking families that have expanded their operations from wine-growing to processing, and in many cases purchase grapes from other vineyards in order to supplement the supply from their own farm. Private wineries tend to be smaller than cooperatives and generally produce between 1,000 and 5,000 tonnes of grapes per year. They often produce grapes of a higher quality than the cooperatives and bottle a larger portion of the wine themselves, but also produce bulk wine.

Cooperatives and private wineries supply wine to **export companies**, whose core business activity involves producing their own bulk wine by buying and blending large quantities of wine. They sometimes also press grapes themselves, but this is much less common. Several of the people interviewed pointed out that the lion's share of the wine imported from South Africa to Germany goes through "three or four exporters" (Interview E5). Among



Source: SAWIS (no year)

these is Distell, the largest company in the South African wine market. By its own account, the group sells 40 percent of all wine in South Africa. In its annual report from 2015, Distell stated that it was supplied by 172 farms and wineries. Distell purchases 90 percent of its wine from other wineries (Stienhans 2016: 112). Another major exporter is the KWV group (Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika), with a market share of 4.5 percent (Meininger 2018). In addition to these two groups, which were already very influential during apartheid, newer export companies that were formerly wine producers and have expanded their operations from production to export also play an important role. One example is the Origin Wine group, which, according to its own reports, markets 80 million litres of wine from South Africa per year (Origin Wine, no year). Another example is the exporter Vinimark Trading, which markets wine for a number of South African wineries under those wineries' own labels. While the wine farms are still predominantly owned by white South African families, global capital is heavily involved in the export companies. For example, the Namaqua company is owned by Canadian investors, and the main shareholder in Distell was once AB Inbev, which was only forced to sell off its shares when it took over the brewing and beverage company SABMiller (Stienhans 2016: 60).

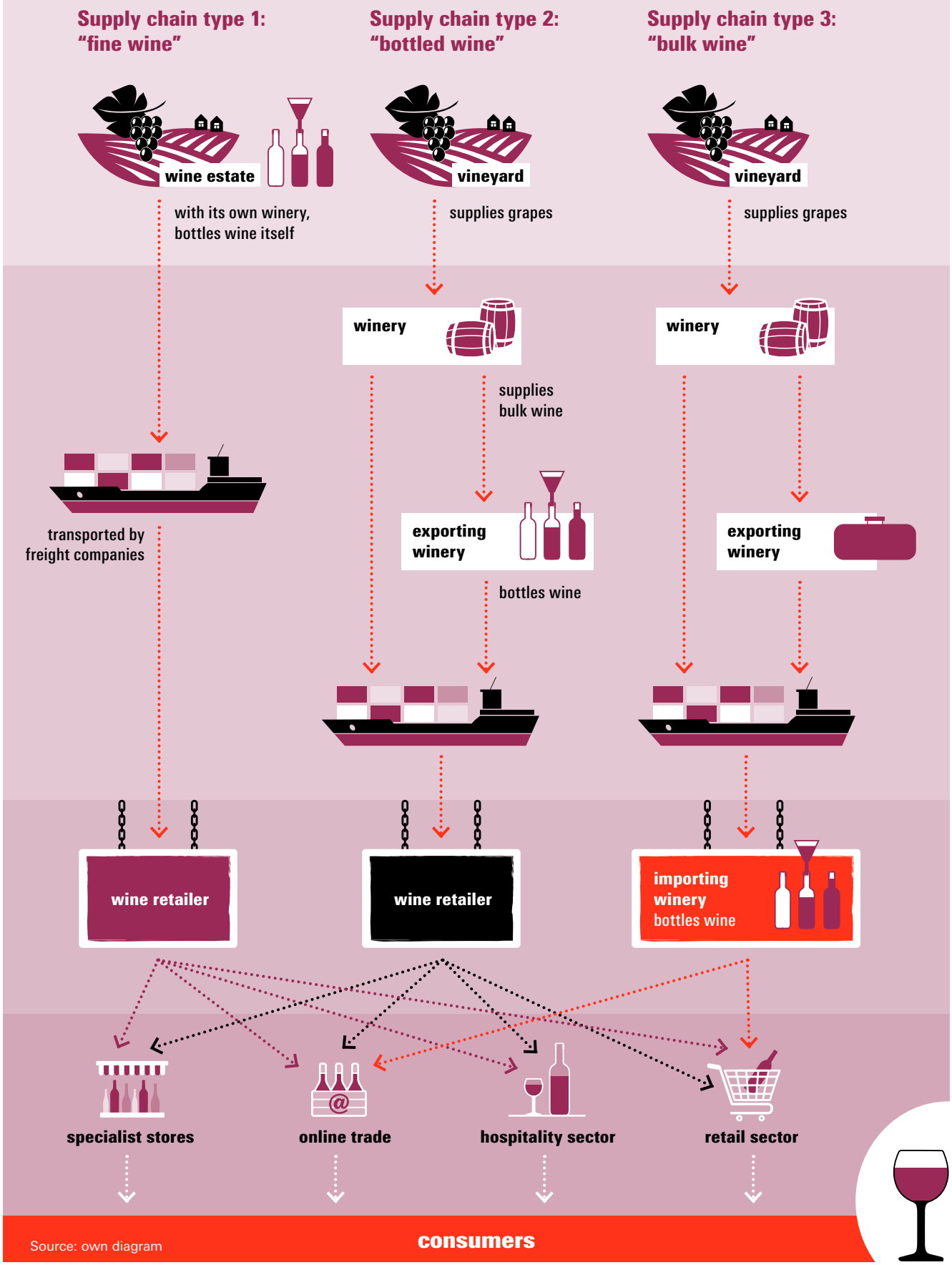
In summary, three types of supply chains can be distinguished on the South African side:

→ **Supply Chain Type 1: Fine Wine**
In this supply chain, wine is exported to Germany directly from the wine estate. Wine estates do not just process their grapes into their own wine themselves, they also bottle it and market it under their own brand. Wines in this supply chain, however, only supply a small, high-priced section of the market.

→ **Supply Chain Type 2: Bottled Wine**
In this supply chain, grapes from vineyards are processed by a winery. Wineries that are run as cooperatives then resell the wine predominantly (but not exclusively) in tanks to exporters, who then blend the wines and bottle it for export. Private wineries, on the other hand, are predominantly (but not exclusively) responsible for bottling their wine for export themselves.

→ **Supply Chain Type 3: Bulk Wine**
In this supply chain as well, the wineries process grapes from vineyards into wine and resell it as bulk wine. Cooperatives supply the major export wineries with wine, which blend it with other wines and export it to Germany. Private wineries, on the other hand, work together with exporters that export the wine to Germany without mixing it. The wines are then bottled in Germany by German wineries. This type of supply chain plays the most important role for wine exports to Germany in terms of quantity.

Figure 2: The wine supply chain from South Africa to Germany



Source: own diagram

The Wine Trade in Germany

Wineries and wine retailers in Germany form a key sector of the economy that is scarcely taken into account by the general public (Dressler 2018: 12). The large **wineries** in Germany are family-owned businesses. In addition to German wines, they also bottle considerable quantities of imported wine, which is imported in tanks, for a number of retail companies (supply chain type 3). A single German importer can easily import ten million litres from South Africa in a year (Stienhans 2016: 38). The Peter Mertes company, which is owned and run by the Willkom family from Bernkastel-Kues, is the market leader among wineries. Peter Mertes has approximately 400 employees (Interview E6) and supplies wine to Lidl, Netto, Kaufland, and the wholesaler Selgros, among others. Another company is Zimmermann-Graeff & Müller, which has expanded considerably in recent years and supplies companies including the supermarkets Kaufland, Real, and Netto (Lebensmittelzeitung 2016). The big customers from the retail sector often receive wine from these wineries labelled with the retailers' private brands, which means they have exclusive marketing rights over the label. Apart from these market leaders, there are also wineries that bottle their wine exclusively for one retail group, such as Vineris, which exclusively produces wine for Lidl. The second-biggest player after Peter Mertes is the Rheinbergkellerei, which belongs to the Edeka group.

The other group of importers apart from the wineries are the **wine retailers** in Germany. The companies Mack & Schühle, Eggers & Franke, and the Swiss company Schenk are market leaders for the sale of South African wines (Lebensmittelzeitung 2015). These companies import both bottled wine and bulk wine (supply chain types 2 and 3). Mack & Schühle, for example, supplies wine to Edeka, Aldi Süd, and Rewe that is bottled in South Africa by Distell, but also has its wines for Real bottled in Germany by Tophi. Most German wineries and wine retailers generally tend to source from one large export company in South Africa. In addition to the major importers, there are also small, specialist importers with close ties to South Africa (supply chain type 1), like the company Curry Premium, which provides a multitude of fine wines from South Africa.

The wineries and wine retailers in turn supply the companies that bring the wine to consumers; the **food retail sector** plays a prominent role here. Approximately 78 percent of the wine in Germany is marketed off-trade, which means via supermarkets, discount retailers, and hypermarkets (supermarkets with an extremely large retail area), and this trend is steadily increasing (Deutsches Weininstitut 2019: 2). The Rewe group (Rewe, Penny, and Nahkauf), Edeka group (Edeka and Netto), Schwarz group (Kaufland and Lidl), and Aldi (Aldi Nord and Aldi Süd) together control 85 percent of the **food retail trade** in Germany. Wine retail accounts for only 2 to 3 percent of these companies' revenue (Dressler 2018: 12); in recent years, however, the supermarkets in particular have increasingly worked towards diversifying their selection of wines and have supplied not only the mass market, but also the market for fine wines for a long time. Edeka thus now offers a range of 450 wines from 15 countries (Sustainability Institute 2017: 48). For years, market shares in Germany have been shifting strongly away from specialist wine shops to the big retailers (BASIC 2015: 34). The vast majority of wine from South Africa makes its way onto German supermarket shelves via the third type of supply chain.

Seven percent of wine in Germany is sold on-trade; that is, via **specialist wine shops** and in the **hospitality sector** (Deutsches Weininstitut 2019: 2). Even though this market share is not comparable to that of the retail sector, with its 4,000 businesses, the specialist wine trade is still important when it comes to imported wines (Sustainability Institute 2017: 50). Approximately four out of five wines in the hospitality sector and two in every three wines in specialist stores are imported (Deutscher Bundestag 2017). In recent years, the specialist wine market has seen a strong concentration caused in part by company takeovers, which has given rise to what has been described as "effectively an oligopoly" (Weinräte 2018). Hawesko Holding, for example, owns and operates the numerous Jacques' Wein-Depot stores, as well as the Champagne and Wine Distribution Company (CWD), and Wine Wolf, which compiles standard wine lists for restaurants, with an annual turnover of €500 million (ibid.). Eggers & Franke, one of the leading wine dealers in Germany, has been part of Rotkäppchen & Mumm—a winery producing sparkling wines—since 2018.

One growing segment is **online trade**. In 2018, online sales constituted just four percent of the market share (Deutsches Weininstitut 2019: 2). Online trade continues to experience strong growth, not least due to the coronavirus pandemic, and is putting pressure on established specialist wine shops. In the low-price segment, customers order South African wines via major online platforms such as Amazon or eBay, and specialized online wine dealers such as Vinexus and Belvini are experiencing strong growth. Wine is one of the products sold at supermarkets that best lends itself to the e-commerce system (Lebensmittelzeitung 2017a; Lebensmittelzeitung 2017b). Practically all supermarkets now market a broad range of South African wines online, such as Rewe, for example, on its Weinfreunde.de platform. A significant shift in the market is expected to take place in the course of Kaufland's takeover of Real's online division (Lebensmittelzeitung 2020). Specialist retailers such as Mack & Schühle (vinoteck.de), Hawesko (Hawesko.de), and Brogsitter also conduct a lot of their business online. Moreover, this new form of digital wine wholesale is growing into an increasingly significant competitor for

German importers. The digital trading platform Vinex has been facilitating the anonymous trade of bulk wine for several years. Retailers are increasingly being presented with the option of skirting existing import structures and purchasing bulk wine at extremely low prices at online auctions (BASIC 2015; Meininger 2016).

Trading Practices

The big retail companies in Germany have the market power along the wine supply chain from South Africa to Germany. There are two reasons for this: their high market shares and their ability to easily replace farmers and wineries as suppliers, which can in turn be attributed to the flexible nature of trading bulk wine. This market power is expressed in the trading practices along the supply chain, as well as in the price margins and profits that are generated along the chain.

A "free" market in the sense of prices set by a multitude of anonymous market players based on supply and demand does not exist in the wine supply chains of the big food retailers. The supermarket groups put their yearly wine requirements out to tender every year, and three or four suppliers (wineries or wine merchants) are generally invited to make a bid. If the retail group is happy with an existing contract, the business relationship will usually tend to be long-lived, although the contracts signed are not generally long-term supply contracts (Interview E2). When it comes to the purchase of wine by retailers, unfair trading practices are the rule rather than the exception: for example, wine traders and wineries pay a fee that often amounts to 24 to 28 percent of their sale price in order to even be included on the list of suppliers. If a producer wishes for their product to occupy a clearly visible position on a supermarket shelf, they must pay additional "shelf rent", and further costs are also accrued if they wish to have their products advertised by the retail group (CBI 2016: 4). Wineries from South Africa report that German retailers notify them a mere two weeks in advance of the quantities of wine they will be purchasing. This means that they run a high risk of not being able to sell their wine at all, or only being able to sell it at massively reduced prices, since these wineries also have to commit to receiving a certain quantity of produce from their suppliers one year in advance (Stienhans 2016: 51). In addition to the outsourcing of market risks, the market power of retailers also allows them to enforce ambitious and stringent production standards along the supply chain, for example with regard to hygiene. The concentrated market power in the retail supply chains stands in stark contrast to the trading practices of the on-trade sector, where wine is supplied to specialist shops and restaurants. Here, specialist wine traders order wine based on price lists provided by the South African wine estates and receive discounts when they purchase large quantities (Stienhans 2016: 45).

Vineyards in export chains adhere to production standards defined by the retail companies.
Photo: U. J. Alexander/iStockphoto

Wineries bear the risk of selling their wine at massively reduced prices.
Photo: RapidEye/iStockphoto

Both the market power and problematic trading practices of retailers have repercussions on the entire supply chain. Exporters, wineries, and winegrowers all describe the market as a buyers' market in which they are "only a puppet" (Oxfam 2017: 8). It can be risky for South African producers to enter the European market. Ewert and Hanf, for example, quote statements made by a South African producer who describes the "killing strategy" implemented by one European supermarket group in its business with South African producers. According to South African producers, it is not uncommon for new managers of supermarket groups to seek to make their mark by offering even lower prices to their suppliers (Ewert and Hemp 2015: 243–44). Nevertheless, trade relations between South African wineries and German importers generally tend to be more long-term, with contracts typically running for two to four years. Trade relationships

are often maintained, and contracts renewed several times (Interview E2).

The powerful players on the South African side are the major exporters, who pass on the pressure to the upper segments of the chain; they are profitable as long as they can outsource the high costs and risks entailed in storage and quality control to the winegrowers. The export market's strict requirements also fundamentally changed the relationships between cooperatives and vineyards. Little remains of the original cooperative approach in which multiple farms pool their harvests in order to improve their bargaining position on the market. The high level of wine standardization that is imposed by the big food retailers and thus expected by exporters means that farmers have no room to manoeuvre when it comes to responding to specific production conditions. The relationship between cooperatives and farms is actually more akin to that of contract farming (Ponte 2007: 40).

The second reason for the German retail groups' market power lies in the great degree of flexibility in their procurement system. The modern system of trading wine in flexitanks provides the technical basis for this flexibility. In the past, when wine exports were limited to bottled wine, higher shares of the end price were kept in the country of production itself, which went hand in hand with greater volumes of value creation and prosperity in the domestic wine sector. It is estimated that for every ten million litres of wine that South Africa leaves in tanks instead of bottling, 107 jobs are lost (COGEA 2014: 36). Moreover, the flexitank wine trade means that producers lose their bargaining power because their products are rendered interchangeable, and consumers are no longer able to clearly attribute the quality of a wine to a particular winegrower or winery. The technical innovation of the flexitank has completely transformed the global wine market over the past 20 years. Flexitanks have a capacity of 20,000 to 50,000 litres. Their outer layer is made of steel, and the inside is made of a special fabric film that prevents the wine from oxidizing during transport and thus altering its flavour. The flexitank export system not only allows large quantities of wine to be transported at an affordable price, but also means that wine can be mixed and bottled in large quantities after a long period of time without losing its flavour. The flexitank wine trade enables large wineries such as Distell in South Africa or Peter Mertes in Germany to market large quantities of wine that appear homogeneous but are in fact blends of wines from different producers (Rabobank 2012). The wines are bottled by wineries exclusively for the supermarket groups and are labelled according to the demands of the supermarket. Kaufland, for example, sells a Müller-Thurgau, a Rioja, or a Pinotage from South Africa, bottled by the Einig-Zenzen winery, under the Cultura Vini brand. Trademarks can, however, also specifically refer to wines from South Africa, such as the Sumerton brand, for example, which is offered exclusively by Aldi Nord and produced by the Andreas Oster winery.

On the world market, South Africa is often seen as the origin of cheap bulk wine.
Photo: Chris Troch Photography/iStockphoto

On the world market, South Africa is primarily seen as the origin of cheap bulk wine. For years, South African producers have been asking why this is. In their struggle to attain higher price margins in the supply chain, many producers are trying to implement exactly what has long been preached by Global Value Chain Studies: so-called upgrading. Upgrading means that producers increase the quality of wine in production, bottle it themselves, market it under their own label, and thus end up retaining a higher margin from the final retail price (Ewert and Hanf 2015). The problem with this model is that there is minimal demand for this wine in large outlets like the German retail sector. Nevertheless, producers still have to offer high-quality wines, if only in order to stay in the market. But the big retailers still want cheap wine and demand maximum flexibility. The few small producers who manage to export bottled wine under their own label receive two to three times as much per litre of wine, but their investment costs are very high, and they only sell small quantities (ibid.). It is an open secret that producers of bottled wine are forced to anonymously sell the wine they do not manage to sell in bottles in bulk at massively reduced prices (Interview E4). Instead of upgrading in theory, downgrading is happening in fact (Ponte and Ewert 2009). Many South African producers are attempting to survive financially in a market segment that one producer referred to as "branded bulk", which involves a producer selling bulk wine of such high quality that they still remain irreplaceable (Ewert and Hanf 2015). This seems possible, but would still mean low prices.

With flexitanks, producers lose their bargaining power as their products become interchangeable.

Price Margins

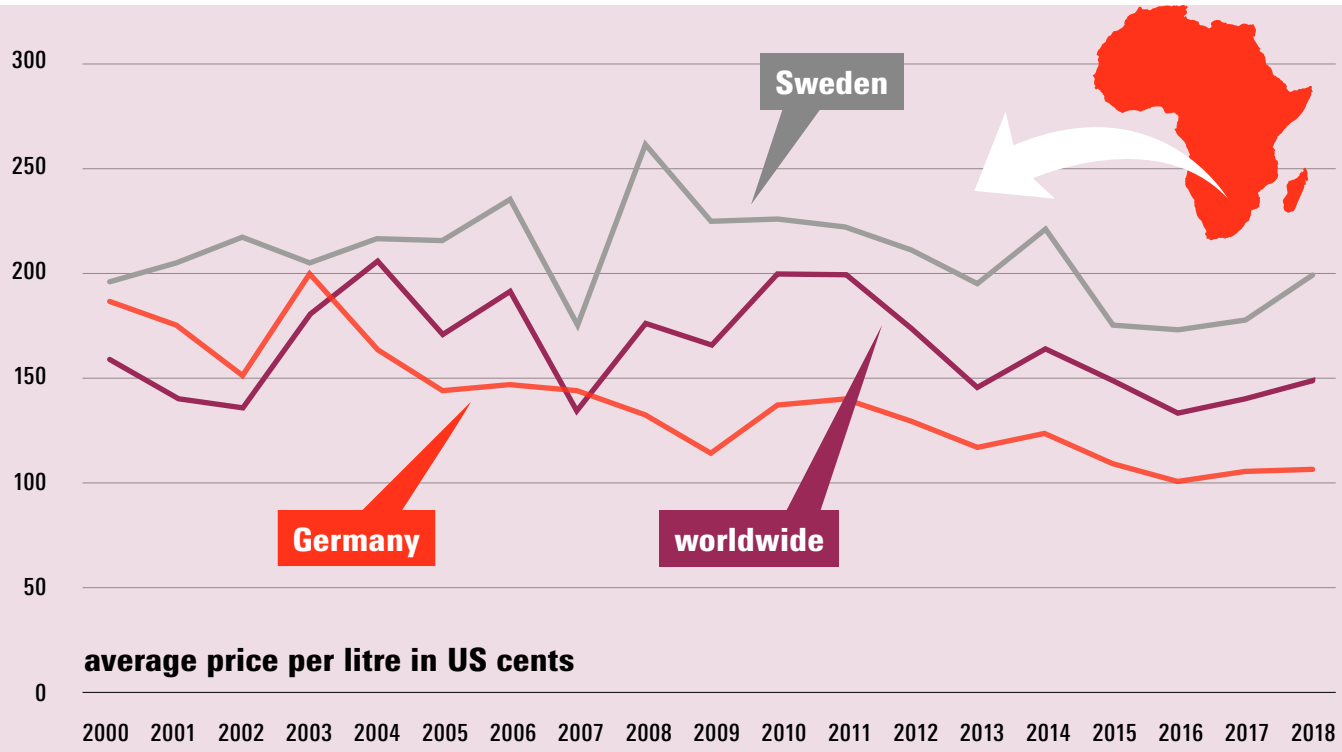
Globally, Germany is the import country with the largest consumer market in the low-price ranges. More than 25 percent of wines in Germany were already in the "entry-level segment" of the market in 2014, with consumer prices of less than €4.50 per bottle. In all the other major import countries, such as the USA, China, Russia, and Great Britain, this low-price segment constitutes less than 10 percent of the market (COGEA 2014: 67); in Germany, the share has even seen an increase in recent years. This market segment corresponds to the third type of supply chain, in which bulk wine is exported and sold at extremely low prices. Although other market segments are much smaller in terms of volume, they allow South African producers to earn between three and five euros per bottle (Stienhans 2016: 45).

The market dynamics become clear when one looks at the evolution of export prices for South African wines (see Figure 3). The "free on board" price (FOB price) for exports to Germany has dropped in recent years; in 2018, it was 95 cents (107 US cents) per litre, while the price for bulk wine was a mere 60 cents (66 US cents) per litre. "Free on board" means that the costs associated with logistics and transport within the country of production—up to the point where the product leaves the port—are already factored in, but logistics costs for overseas transport are not. Because the value of the South African rand has been in steady decline, the curve would take an even sharper downwards turn if adjusted for inflation (Oxfam 2017: 9). The price that German importers pay is significantly below the average South African export price and is barely more than half the price paid by the Swedish public-owned importer Systembolaget.

Less than 16 percent of the retail price remains in South Africa.

In order to determine the specific details of the price margins, an idealized estimate is made below using a low but typical bottle price for a South African Cabernet Sauvignon sold in a German discount store as a starting point. Every year, the South African wine producers' association Vinpro publishes a set of production figures that includes wage costs converted to a per-hectare cost, the returns per hectare, and the average gross earnings generated per hectare. Based on this information, it is possible to calculate what shares of the retail price of a bottle of wine are retained on average by the farm and its workers. The UN Comtrade database was used to

Figure 3: The evolution of export prices for South African wines between 2000 and 2018



Source: own graph based on the UN Comtrade database

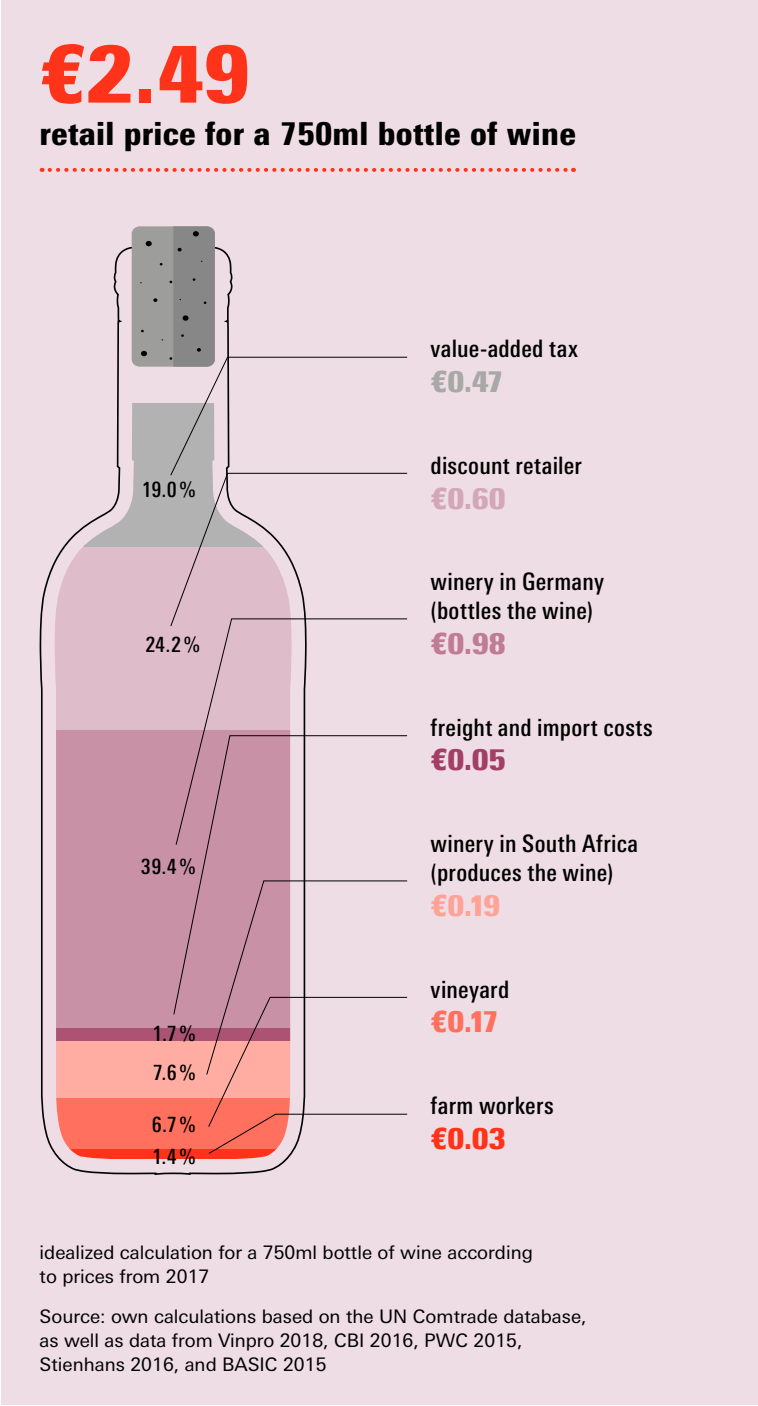
determine freight and import costs, as well as the price for the bulk wine received by the exporting winery in South Africa. It was also not possible to clearly define the exact distribution of the gross margin between the importing winery and the discounter in Germany during the individual interviews; therefore, in order to generate this idealized estimate, the mean value was calculated based on studies conducted by Stienhans (2016) and BASIC (2015), who based their calculations in each case on anonymous interview statements.

The price pressure on the South African side is extreme. In 2017, the average gross returns per hectare of South African vineyards equated to €3,615 (Vinpro 2018).[4] Major South African exporters are passing the price pressure from Germany down to the vineyards and wineries in South Africa. A buyer from the largest South African exporter Distell gives an impression of how tightly the margins are calculated on the South African side: he estimates that Distell would only be able to sell half as much wine if its purchase prices were to rise by two rand per litre—the equivalent of 12 cents (Sustainability Institute 2017: 59). The pressure on wage costs at the lower end of the chain is equally high. When converted, less than 16 percent of the retail price remains in South Africa, which constitutes a lower share of the retail price than the value-added tax paid by German consumers. The lion's share—more than 60 percent of the retail price—is shared by the discount retailer and the winery in Germany responsible for bottling the wine. Only 1.4 percent of the retail price remains in the hands of the workers. It is of course important to bear in mind that we are dealing here with gross rather than net margins; it is not possible to make conclusive statements about the net costs per unit at each stage of the chain. However, it is fair to assume that the unit costs borne by the vineyards and wineries are disproportionately higher than those borne by the discounters.

This raises the question of how it could even be possible, in light of this price pressure, for vineyards in the Western Cape that produce wines for the German market to engage in socially sustainable modes of production. There are also a number of other costs in addition to the extremely low wage costs, such as the cost of pesticides and fertilizers, costs incurred for the use and maintenance of machinery, along with fuel, electricity, and administrative costs. The inflation rate of the rand has averaged 5 percent per year over the last ten years (Inflation.eu 2020), while export prices have stagnated. Because a number of German importers purchase South African wine in rand, South African exporters are effectively at the mercy of inflation and other fluctuations in the exchange rate (Oxfam 2017).

Vinpro states that in 2017, only 61 percent of South Africa's vineyards ran at a profit, and 37 percent of farms actually recorded significant losses (Vinpro 2018: 9). The figures published by the association should, however, be viewed with some caution, since they represent the association's own economic interests. However, the increasing substitution of wine with other crops, such as citrus fruits, gives an indication of how difficult it is to profitably produce wine for export in South Africa.

Figure 4: Price margins for wine from South Africa (supply chain type 3)



4 In rand, the average gross return was 54,158 rand. The figure in euros is based on the exchange rate on 31 December 2017.

3 Working Conditions Along the Supply Chain

From Apartheid to Neoliberalism

It is impossible to truly understand the workings of the South African wine industry without taking into account the country's history of land-grabbing, slavery, and colonialism over the past 300 years. Farmers in the Western Cape have exploited cheap Black labour since the 17th century. The Land Acts of 1913 and 1936 sanctioned these structures by allocating 90 percent of the land to the white minority and only ten percent to the Bantustans, the territories set aside for the large Black majority of the population (Pons-Vignon 2015: 104). This lack of land forced a considerable proportion of the Black population into wage labour, since they no longer had the option of engaging in small-scale farming (Bernstein 1994: 9; Pons-Vignon 2015: 104).

The white farmers represented an important voter base for the apartheid regime that rose to power in 1948. One of the most important elements that enabled the National Party to secure majorities for the apartheid project from 1948 onwards was legislation that made it difficult for agricultural workers to leave the farms and seek alternative employment in the cities and the growing industrial sector (Visser 2016: 12). For the white farmers growing labour-intensive crops like citrus fruits and wine in the Western Cape, the question of where to source their labour force was of vital importance. They viewed not just their male workers as their labour force, but their entire families as units of labour power at their disposal. Thus, at times of increased demand—such as during the grape harvest—, the farmers were able to supplement their contracted male labour force with the labour power of their wives and children.[5] In particular, "Coloured" workers from the surrounding region were housed in accommodation on the

The 1995 Labour Relations Act grants farm workers the right to organize and strike.

5 This gendered division on wine farms is still highly relevant today, see for example Visser 2016.

It is impossible to understand the South African wine industry without taking into account the country's history of apartheid.

Photo: wilpunt/iStockphoto

remote farms.[6] Some of them did not receive full financial remuneration for their labour, but instead were paid in food and wine rations (the so-called Dop System), which led to families becoming entirely dependent on their employers. The farmer thus had constant access to cheap labour, which he did not have to purchase on the market. Labour relations were marked by racist hierarchies and paternalism; whiteness was equated with land ownership, authority, and an entitlement to deferential treatment. There was no labour law in the agricultural sector under apartheid. Black South Africans were prohibited from engaging in any sort of trade union organizing (Theron 2016).[7]

As one of the main clients of the apartheid system, white farmers benefitted not only from access to cheap labour, but also from the government's strict regulation of the supply chain, as well as from a marketing system that allowed them to operate profitably. Although the international sanctions on the apartheid regime had a significant impact on the agricultural sector, the governments of South Africa's major trading partners of Germany and England eschewed imposing binding sanctions until 1986, and only issued "recommendations" to the private sector (Stienhans 2016: 18). Even then, the wine producers occupied a strong position within the global supply chain. The parastate Koöperatieve Wijnbouwers Vereniging van Zuid-Afrika (KWV) had an export monopoly that was enshrined in law, and all vineyards were members of the cooperative. The KWV also had the option of paying minimum prices to producers. This pooling of wine production ensured that the producers maintained market power over the overseas import sector, in a market that was highly fragmented, rather than dominated by a handful of retail corporations as it is today (Visser 2016: 20).

When apartheid came to an end in 1994, these privileges that had been enjoyed by white farmers were not the only thing to be abolished. In terms of economic policy, the new ANC government fell in line with a neoliberal agenda that had already been partially adopted by the apartheid government in the 1980s. The ANC government privatized large cooperatives such as the KWV and deregulated agricultural commodities markets: production quotas were abolished, as were price regulations. South Africa also opened itself up to the world market at the same time as the World Trade Organization (WTO) was founded. At the same time as it was deregulating the agricultural sector, the ANC government promised comprehensive land reforms. However, over the following years, it became clear that this promise would not be kept; in the mid-1990s, 87 percent of the country was still in the hands of white South Africans, and since then, less than 10 percent of that land has been redistributed (Hall 2015).

The agricultural policy of the past 25 years has led to a far-reaching transformation of the South African agricultural sector; one that has, however, been fundamentally different from what many people observing the situation had expected. Instead of land redistribution from white farmers to landless Black households, a process of consolidation of land ownership by white farmers took place. Of some 60,000 white-owned commercial farms in 1994, a good quarter gave up their enterprises in the eight years leading up to 2002, and more than a quarter abandoned their farms between 2002 and the present day (Bernstein 2015: 106). Many businesses simply did not manage to adapt to the new capitalist rules of the global supply chain.

Some vineyards succeeded in accumulating capital, establishing private wineries, and purchasing additional land. Agricultural exports increased fivefold in the first 15 years following the end of apartheid, with exports from the fruit, citrus, and wine sectors constituting almost half of these exports (ibid: 110). The number of wineries in South Africa tripled (WOSA, no year), but the deregulation of agricultural policy did not mean that the state left the South African wine industry to its own devices, as many claim. Especially in the last ten years, the South African government has supported producers by investing in research, product promotion in import countries, and geographical indication programmes (GI) (BASIC 2015: 33). The wine industry is also well positioned with regard to the Vinpro wine producers' association, the South African Liquor Brand Owners Association (SALBA), the organization South Africa Wine Information and Systems (SAWIS), and the marketing organization Wines of South Africa (WOSA).

A significant change was brought about in the 1990s when the ANC government introduced new labour laws that explicitly included the agricultural sector. The Labour Relations Act (LRA) of 1995 also awarded farm workers the right to organize and strike for the first time and built the foundations for the establishment of the Commission of Conciliation, Mediation and Arbitration (CCMA), which enables labour disputes to be settled out of court. The second pillar of the new legislation was the Basic Conditions of Employment Act (BCEA), which allowed the executive branch of the South African government to use subordinate legislation to determine specific sectoral working conditions. Other important legislation concerned the Occupational Health and Safety Act (OHSA), the Compensation for Occupational Injuries and Diseases Act (COIDA), and the Unemployment Insurance Fund (UIF), and regulated the right of residence of people who lived on farms and did not own property (Extension of Security of Tenure Act, ESTA) (Visser/Ferrer 2015: 54–62).

6 In South Africa, a distinction is generally drawn between "Coloured" and Black population groups. The term „Coloured" is used as an ethnic label for people of mixed ethnic origin and is sometimes even used by people of colour as a term of self-identification.

7 Webb argues that the term *baas* (Afrikaans for "boss"), which is still frequently heard on farms today, is indicative of this typical hierarchy within a racist logic (Webb 2017: 57).

On paper, these measures looked set to bring about groundbreaking improvements, but in reality they ran up against preexisting labour relations on the farms, which continued to be characterized by paternalism and extensive control. One development that had started in the 1980s was now worsening: farm owners were attempting to shirk legal requirements—for example, those pertaining to housing standards and the rights of families living on wine estates—by replacing more and more permanent employees with seasonal workers. According to the Extension of Security of Tenure Act (ESTA), farm workers who reside on farmland owned by another person are "occupiers": they do not have the right to own their accommodation, but they do have a right of use, which means that they are only legally obligated to leave their accommodation against their will if their employment on the farm comes to an end (ibid: 60). In the nine years between 1995 and 2004, about 930,000 Black farm residents were forced to leave their farm accommodation against their will. In 70 percent of cases, their eviction was justified on the grounds that their employment contracts had been terminated (Bernstein 2015: 113). Evictions like these still take place today on a large scale. A 2013 report commissioned by the South African government concluded that, at the time, 80 percent of workers on farms in the Western Cape were seasonal contractors, and only a small fraction of the other 20 percent of workers continued to be employed on a permanent basis (Webb 2017: 51). For a long time, townships have been growing in the small rural towns of the Western Cape; home to the seasonal workers who have moved there, as well as to the families of farm workers who have been evicted from the farms.

For years, it has been predicted in the wine industry that increasing wages for farm workers would lead to an increase in automation and digitalization, and that this would in turn inevitably lead to a reduction in the number of available jobs. So far, this has only transpired to a limited extent. Since the Western Cape farm workers' strike of

Info Box 1

Impacts of the Coronavirus Crisis on Farm Workers in South Africa

Due to precarious forms of employment, strenuous working conditions, and a lack of social security, workers in the agricultural sector are among the social groups in South Africa that have been the hardest hit by the coronavirus crisis.

The agricultural sector in general and the food and beverage industries in particular are considered essential industries in South Africa, which is why employees in these areas have continued to work during the strict lockdown. According to a statement issued by the Department of Employment and Labour in March 2020, agriculture was the sector that recorded one of the highest rates of violations of coronavirus regulations and safety protection measures. Masks and disinfectants were often not distributed, and social distancing measures were not observed in the fields and packhouses (GroundUp 2020a).

The vast majority of farm workers are employed on a seasonal basis. When the harvest season ends, they rely on the UIF. However, the lockdown has significantly impeded their access to the relevant administrative bodies. The shutdown of public transport services during the lockdown primarily impacted workers living on remote farms in isolated locations, as they have to travel to nearby towns in order to access essential services or do their grocery shopping (GroundUp 2020c).

At the same time, the wine sector was also significantly impacted by the two protracted bans on the sale of alcohol within South Africa, which were implemented by the government between March and August 2020. During these months, the wine industry became increasingly dependent on its overseas exports. According to a statement issued by the producers' association Vinpro, it is possible that more than 21,000 workers had their employment terminated (GroundUp 2020b; Vinpro 2020). The trade union BAWUSA reports that businesses are also using the current health crisis as an opportunity to get rid of workers on permanent contracts. The Food and Agricultural Workers Union (FAWU) also reports dismissals in the beverage industry (Africa Report 2020).

In mid-July, another ban on wine sales within South Africa was enacted, with exports unaffected. In July 2020, the CSAAWU reported that dismissals and restrictions for workers were expected to continue. Many employees on the farms received only a portion of their wages because production was limited. Women who have lived and worked on farms for years have received UIF application forms from the farm management. Labour broker workers are being being hit especially hard by the current crisis, as many of them are forced to try to subsist without any form of income or social security benefits.

2012 and 2013, wages have increased significantly from their extremely low starting point, but still remain far below the level of a living wage. At the same time, it is difficult to automate the processes in grape cultivation—in other words, replacing labour power with capital, while at the same time ensuring a high quality of both grapes and wine (PWC 2015: 56). The main strategy employed by wine producers to deal with the incredible pressure of rising costs is to implement another round of measures designed to make employment on their farms even more precarious. The Labour Relations Act allows the use of labour broking, in which temporary workers are procured by subcontractors, also referred to as labour brokers.[8] Paradoxically, the Labour Relations Act provides precisely the loophole needed by employers to circumvent legal requirements, such as the workers' right to organize. Wine production in the Western Cape now heavily relies on labour broker workers from countries like Lesotho and Zimbabwe. Wage costs are reduced by replacing permanent workers with seasonal migrant workers. Even though labour broker workers in the agricultural sector are legally entitled to receive the minimum wage, piecework still prevails on many farms, which means that workers are paid based on piece rates, rather than the number of hours worked—another clear indication of the ways in which farm work is becoming more precarious (ibid.: 17) (see also Info Box 3). A second element involved in the precarious work culture is that any costs arising from farm workers' entitlement to services and infrastructure—such as the right to accommodation on the farms—are deducted from their wages. This includes deductions for accommodation maintenance costs, and even for transport to the nearest town. A third element that is often overlooked is that confrontations with workers on vineyards are increasingly being outsourced to specialists—even at the management level. According to the CSAAWU, there are a number of human resources managers in the wine regions who are known among the workers for their aggressive conduct and who are responsible for disciplining workers.

Trade Union Organization

Trade unions are active at all points along the wine supply chain from South Africa to Germany. The strength of these unions, and the extent to which they are able to assert their right to freedom of organization and collective bargaining is decisive for working conditions along the supply chain. The relevant unions involved along the supply chain are outlined below.

Only 5 percent of workers in the agricultural sector are unionized.

During apartheid, while Coloured workers in South Africa had the right to organize in registered trade unions, Black workers were banned from doing so. The Coloured Food and Canning Workers Union (FCWU), including its unregistered wing, the African Food and Canning Workers Union (AFCWU), was a key player in the struggle for labour rights and against apartheid in the Western Cape (Theron 2016: 43ff.). In some cases, the FCWU coupled organizing workers in the agricultural sector (which was in fact prohibited) with unionizing workers in bakeries, juice factories, and canneries (ibid.: 116). The FCWU and AFCWU later became the Food and Agricultural Workers Union (FAWU), but once apartheid was over, the FAWU, as a member of the Congress of South African Trade Unions (COSATU), was able to establish and maintain organizational power in the agricultural sector only to a very limited degree (Leidecker and Luig 2019). In the 2000s, workers in the Western Cape thus began to organize in a series of rank-and-file unions, a number of which played an important role in the spread of the Western Cape farm workers' strike of 2012 and 2013 (see Info Box 2). The overall ratio of unionization in the agricultural sector, however, still remains low to this day; according to one estimate, 10 percent of workers in the Western Cape and only 5 percent of workers nationwide are unionized (Visser and Godfrey 2017: 5 and 12). Today, the trade unions in the Western Cape's agricultural sector are extremely fragmented. In addition to FAWU and the Commercial Stevedoring Agricultural and Allied Workers Union (CSAAWU), a number of other unions also play a role, including the Society Development Trade Union (SDTU), Sikhula Sonke, the BAWSI Agricultural Workers Union of South Africa (BAWUSA), the Agricultural Food Fishing and Retail Workers Union (Afriwu), and the Rural Agriculture Workers Union (RAWU). The organization of farm workers in South Africa is not limited to the trade unions; farm workers also engage in forms of self-organization on individual farms which do not necessarily adhere to the structure of a registered trade union. These alternative modes of organizing are common in the citrus sector in the Eastern Cape, for example. NGOs are vital when it comes to workplace organization; the NGO Women on Farms plays a particularly important role in the wine sector, as does the Eastern Cape Agricultural Research Project (ECARP) in the citrus sector in the Eastern Cape. Alliances between unions and NGOs can also play an important role, such as the alliance between the CSAAWU and the

8 In South Africa, subcontractors who employ farm workers and outsource their labour to farms are referred to as "labour brokers"; the term "temporary employment services" is used in the legal sphere. Hiring farm workers via a labour broker has become increasingly popular in the Western Cape in recent years. The system has its origins in apartheid: labour recruitment agencies organized the migration of the Black labour force into the mines and industrial plants of the white apartheid economy. From the 1980s onwards, recruitment offices increasingly became subcontractors that directly contracted Black workers (see Theron 2007).

NGO Trust for Community Outreach and Education (TCOE). There is no industry-wide collective bargaining processes or agreements in the South African agricultural sector, let alone workplace co-determination. The shop stewards play a key role in union organizing on the farms.

According to industry estimates, there are 290,000 people working in the South African wine sector (WOSA, no year). The vast majority are farm workers employed on vineyards, but wineries are also a major employer in the industry. It is primarily the FAWU and the National Union of Food, Beverage, Wine, Spirits and Allied Workers (NUFBWSAW) that are responsible for organizing winery workers.

Info Box 2

The Western Cape Farm Workers' Uprising of 2012 and 2013

Between November 2012 and January 2013, farm workers throughout the Western Cape protested against low wages and questionable working conditions. The strikes started in the farm workers' committees that had formed in the townships of the town of De Doorns. The committees were primarily comprised of migrant workers from the Eastern Cape who were not unionized at the time (Webb 2017: 59). They called for wages to be increased by 69 rand to 150 rand per day (the equivalent of an increase from €4.27 to €9.28), equal pay for equal work, an end to evictions from farms, and an end to labour broking. The farm workers expressed their solidarity with the workers in the platinum mines of Marikana, who had conducted their own strike only a few weeks earlier and who were shot and killed by South African police.

Newer trade unions like the BAWUSA and CSAAWU played a crucial role in terms of expanding the strike. For weeks, agricultural production in many parts of the Western Cape came to a standstill; roads were blocked, grapevines were set on fire, and two workers were shot and killed by police. In the beginning of February 2013, workers received a pay rise of 52 percent, which translated to a new daily wage of 105 rand (€6.49). However, some of the workers paid dearly for this historic success: the strike leaders were fired. Moreover, the concessions made to workers appear to have further increased the rate at which farm managers have replaced permanent contracts with precarious employment. According to many workers, the strikes were a key development, because they constituted their first ever experience of emancipation, and of questioning the repression and paternalism that characterized industrial relations on the farms.

The manufacturing and retail sectors in Germany have a markedly different union tradition.[9] The relevant unions—the Gewerkschaft Nahrung-Genuss-Gaststätten (Food, Beverages and Catering Union, NGG) in the beverages sector and ver.di for wholesale and retail trade—stem from a culture of social partnership and institutionalized workplace co-determination that has been well-established since the second half of the 20th century. This model has, however, been heavily eroded in recent decades, not least in the beverage and retail sectors.

In this study, ten wineries and wine importing companies were identified that import significant quantities of wine from South Africa. The NGG is only organized with a large number of members and a works council in one of these companies: Peter Mertes AG in Bernkastel-Kues. Peter Mertes is also bound by a collective bargaining agreement. A second company, ZGM, has a works council, but it mostly operates independent of the trade unions. ZGM was originally bound by a collective agreement, but withdrew from it a few years ago when the companies' position on the market came under pressure. During this period, working hours were extended, but workers did not receive any compensatory wage increases (Interview E6). The NGG often has a small membership base in the other eight companies, but without a works council. Smaller wineries sometimes depend heavily on one big customer from the retail sector that consistently makes large purchases; if, one year, they should fail to win the supply contract put up for tender by that customer, this can have a direct impact on the employees' livelihoods. However, wineries generally try to operate their facilities at full capacity by having multiple workers on shift at once. The problem generally encountered by employees is that they are worked to their limit and that the workplace can quickly become understaffed (Interview E6).

For employees in the food retail sector in Germany, the coronavirus pandemic first and foremost means working extra shifts. It took several weeks before appropriate safety measures were adopted, such as the provision of protective gloves, disinfectants, and plexiglas panels at checkout counters. While some supermarket chains attracted a lot of media attention for issuing bonus payments or vouchers to their (mostly female) employees, ver.di had to fend off employers' attempts to extend the maximum daily working time to twelve hours. ver.di has nonetheless made significant progress in recent years in terms of union organization, but the picture varies among

9 One branch of union organizing that is not covered in this chapter, but that is equally important, is that of international sea freight. ver.di is also involved here, but presenting this sector—which is generally seen as complicated from a trade union perspective—would be beyond the scope of this chapter.

There is no industry-wide collective bargaining in the South African agricultural sector.
Photo: South African Tourism

all the major food retail groups. Lidl and Kaufland, of the Schwarz group, are bound by collective agreements. Nearly all Kaufland stores now have a works council, while elected works councils only exist in a handful of Lidl stores. In the Rewe group, both the so-called *Regiemärkte*[10] Rewe and discounter Penny are bound by collective agreements, and works council structures are present in both divisions nationwide. In contrast, the Rewe group's privately owned supermarkets (such as those under the Nauhkauf brand) are not bound by collective agreements and do not have a works council.

Workers in the food retail sector who are not covered by a collective bargaining agreement stand to earn as much as 30 percent less than their colleagues.

The Edeka group (Edeka and Netto) has a similar structure: the Edeka *Regiemärkte* are bound by collective agreements and have works council structures, but the privatized Edeka stores have neither of these things. The Netto chain of discount supermarkets, on the other hand, is bound by collective agreements and has works council structures nationwide. While the discounter Aldi Nord is bound by collective agreements, its sister company Aldi Süd is not; in some regions, Aldi Nord has works councils, but Aldi Süd is a "works-council-free zone". In recent years, Real has actively sought to abandon its collective agreements. Organic supermarkets like Alnatura and Denn's have an equally problematic track record when it comes to establishing works councils and rejecting collective agreements. ver.di's experiences have made it clear that these chains actively prevent workers from establishing works councils; the total number of works councils in this division nationwide fails to reach double digits.

Without commitment to a collective bargaining agreement, workers in the retail sector can earn as much as 30 percent less than employees who work on the basis of collective agreements (Holst and Schleier 2019: 60); something that is especially problematic for the two thirds of workers who are employed on a part-time basis. Many wine retailers have no involvement whatsoever in workplace organizing. One exception is Hawesko Holding, which has a national works council.

10 So-called *Regiemärkte* are owned by the Rewe group, but are operated by an independent management team. "Privately owned supermarkets", on the other hand, are owned by the respective sole trader.

Private Sustainability Standards

The Western Cape farm workers' strike of 2012 and 2013 made the extent of exploitation and labour law violations in the province visible to the rest of the country and also garnered international media attention. Local wine producers, as well as wine importers on the global market came under pressure to respond. How can the low prices for high-quality South African wines be justified? German laws pertaining to wine and wine production require German wine importers to ensure the traceability of their wine. The South African Wine and Spirits Board (WSB) uses the Wine of Origin Scheme to ensure the traceability of their products. South African producers have developed the Integrated Production of Wine (IPW) system to define their own hygiene and environmental standards. However, European importers now required additional forms of private regulation of social standards, which had ambivalent consequences: instead of working towards ensuring that existing labour laws were enforced and raising the number and quality of official inspections, the responsibility for defining and implementing social standards was transferred to private stakeholders (Guthman 2007: 468). The authority to define which standards will, if applied, lead to barriers to market access along the supply chain, and who will bear the costs of implementing and certifying these standards are reflections of market power in the supply chain. In what follows, the most important private sustainability standards for the wine supply chain from South Africa to Germany will be presented.

Wine and Agricultural Ethical Trade Association (WIETA)
The Wine and Agricultural Ethical Trade Association (WIETA) describes itself as an organization that represents the interests of wine producers, unions, and NGOs in South Africa alike (WIETA, no year). In reality, however, WIETA represents an attempt on the part of South African wine producers to maintain control over the private

Table 1: A selection of criteria from the WIETA Ethical Code of Best Practice

Health protection	Criterion 3.5	Employers shall make protective clothing and equipment available free of charge. Employees shall receive training on the proper use of this equipment.
Right to organize	Criterion 4.1	Without exception, workers shall have the right to join a union and to organize themselves. Union representatives are allowed to visit the workplace after making arrangements with management.
Wages	Criterion 8.1	Workers shall receive the legal national minimum wage for the agricultural sector. Legal deductions from wages for specific services are only permitted to a limited extent. The company shall demonstrate that it is seeking ways to pay employees at a rate that is higher than the legal minimum wage.
Contractual employment relationships of labour broker workers	Criterion 9.1	Companies that use labour broking must ensure that the labour broker is registered with the Department of Employment and Labour. The company must also ensure that the subcontractor meets the WIETA standards and assumes responsibility for maintaining health and safety in the workplace.
Housing	Criterion 10.1	Housing shall provide adequate ventilation, adequate protection against wind and water, and be free of dirt and refuse. Employers are responsible for providing electricity in the housing. Firewood may not be used as an energy source. This occupational right applies to all "occupiers".
Drinking water	Criterion 10.1	Each household shall have access to clean drinking water, and at least one water pump shall be accessible within 100 metres of each household. The water quality should correspond to the South African national drinking water standard and be tested once a year. All vessels for storing water must be clean and sealed.

Source: WIETA 2016

regulation of the supply chain by developing their own South African standards. The audit criteria in the WIETA code of conduct are based on South African labour legislation, a set of conventions of the International Labour Organization (ILO), and on the Ethical Trading Initiative's (ETI) international code of conduct. The standards are thus tailored specifically to the situation in South Africa, and the WIETA administration office works closely with the wine producers' associations.

WIETA was founded in 2002, but it was not until after the farm workers' strike in 2012 and 2013 that the WIETA code of conduct began to assume greater significance. In 2013, the Swedish public-owned wine importer Systembolaget announced that it would only purchase South African wine from WIETA-certified farms, and the South African wine exporters Distell and KWV followed suit (Visser and Godfrey 2017: 9). Since then, the number of WIETA-certified South African wine farms has increased rapidly. Only 12 percent of South African wine farms were certified in 2015, a figure that had risen to 61 percent by 2019 (SAWIS 2019). This indicates that much of the pressure to implement the code of conduct came from the buyers' bargaining power and, in a sense, travelled back through the supply chain to the producers. The WIETA code of conduct is owned and developed by WIETA itself. WIETA has outsourced the task of conducting inspections to three external certification organizations (SOMO 2020: 64). The certification costs for farms are rather low—equivalent to roughly €500 per year (Visser/Godfrey 2017: 25). The WIETA executive board consists of ten members, five of whom are nominated by farmers, three by unions, and two by NGOs (ibid.: 12).

The principles of the WIETA code of conduct outlined here show that in many areas such as wages and occupational health and safety, the standard does not go beyond the minimum legal requirements. WIETA's standards for drinking water and housing are more ambitious, however. The main problem with WIETA is not the standards themselves, but rather that they are not properly enforced. According to reports from 2017, no farm had ever had their WIETA certification revoked (ibid.: 2017), despite the fact that unions had identified numerous violations of the standards on the farms.[11] According to estimates by the Sustainability Institute, WIETA lacks both the budget and the authority to enforce its own standards (Sustainability Institute 2017: 56). Another major problem with WIETA is that union representatives are not permitted to be present for inspections, and the farm management receives advance notice that the audits will take place (Visser and Godfrey 2017: 25).

Business Social Compliance Initiative (BSCI)

The Business Social Compliance Initiative (BSCI) was founded in 2003 by Amfori, a global business association for open and sustainable trade. The initiative has since gained over 1,900 members, including Aldi, Rewe, Lidl, and Edeka. The members are obligated to adhere to the BSCI guidelines in their own companies and supply chains. These guidelines are formulated as 11 principles which, according to the BSCI, are based on the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, relevant ILO conventions, and the OECD Guidelines for Multinational Enterprises. In their audits, Amfori effectively demands that employers uphold the SA8000 ethical audit standards of the Social Accountability Initiative (SAI). This code only requires the suppliers of supermarket chains to adhere to the national legal requirements: the national minimum wage must be paid, and the right to organize and engage in collective bargaining must be respected. The standard also stipulates that employers comply with occupational health and safety laws, such as "access to drinking water", "safe and clean places for work and meal breaks", or "taking effective measures to prevent all work-related injuries, accidents, or illnesses". In its communication with the author, Amfori stated that 12 South African wineries were certified as of August 2020. Amfori also emphasized that its goal was not to subject wineries to an inspection in the sense of giving them a "pass or fail", but rather to work together with them to gradually improve conditions.

Fairtrade

The Fairtrade system is comprised of Fairtrade International, which is responsible for defining and developing the Fairtrade standards. As an umbrella organization, Fairtrade International brings the 26 national Fairtrade organizations together. The three regional producer networks in Africa, Asia, and South America also belong to Fairtrade International. The Fairtrade subsidiary FLOCERT is in charge of conducting the audits at all the locations. Unlike WIETA and BSCI, the Fairtrade standard not only plays a role in business relations between companies, but also explicitly aims to be visible to consumers. The incentive for attaining Fairtrade certification should be that consumers are prepared to pay a higher price for a certified product.

As of June 2020, 69 South African companies in the wine industry were Fairtrade certified, 18 of those as primary producers, and the rest as processors or retailers.[12] Germany is a modest consumer of Fairtrade wine: 3.1 million litres of Fairtrade wine were consumed in Germany in 2019, and 90 percent of it came from South Africa (Interview E7). Yet this constitutes little more than three percent of the total amount of wine imported from South Africa to Germany. Fairtrade certification costs each farm more than €1,500 per year—more than three times the cost of WIETA certification. Inspections are conducted once a year, and violations can lead to a company's certification being revoked (Visser and Godfrey 2017: 25).

11 In his direct communication with WIETA, the author was unable to conclusively clarify whether or not any certification had been revoked since 2017.

12 The database can be accessed at www.flocert.net/about-flocert/customer-search/.

In some areas, the Fairtrade requirements clearly exceed those of WIETA, especially when it comes to enforcing the right to organize. Fairtrade demands a "living wage", a standard that is based on calculations made by the Global Living Wage Coalition (GLWC). According to their most recent calculations, a household with an average of 4.5 members requires a minimum of 6,950 rand (€430) per month. The NGO Pietermaritzburg Economic Justice and Dignity (PMBEJD) calculates the requirements of a four-person household to be around 7,430 rand (€460) per month (PMEJD 2020:12). One problem with the Fairtrade standard is that it fails to take into account the specific problem of farm evictions and accordingly fails to provide any occupational rights for people who are not actually employed on the farm. The standard actually prefers for workers not to live on the farm (unless the farm is far removed from the nearest town), which is ill-suited to the South African context, where thousands of farm workers are struggling against farm evictions and for tenure security on the farms (see Criterion 3.5). As is the case with WIETA, labour broking is not forbidden, and trade unions do not participate in audits. There is also a risk that

Table 2: A selection of Fairtrade standards for waged employees

Fairtrade Premium	Criterion 2.1	A committee comprised mostly of workers elected by the entire workforce of the farm is responsible for determining how the premium will be used and reporting this information to workers at an annual general assembly. The premium may not be put towards the company's mandatory investments; it must be invested in things that directly benefit workers.
Freedom to organize	Criterion 3.4	The company must allow communication between workers and unions, regardless of whether or not the union in question already has a presence on the farm. The company must sign a separate protocol on the right to organize, display this document in the workplace, and make it accessible to all workers in their own language.
Wages	Criterion 3.5	The company must pay wages that meet or exceed the legal minimum wage requirements (or those laid out in the collective bargaining agreement, if one exists). For piecework, employers must pay a wage equivalent to the average hourly wage. If the pay is still below the living wage stipulated by Fairtrade, the company must implement yearly wage increases in order to gradually decrease the difference to a living wage.
Housing	Criterion 3.5	Employers who provide accommodation for current and former employees must ensure that the housing is structurally sound and guarantee adequate levels of privacy, safety, and hygiene. The housing must be regularly maintained and renovated. If bathrooms are shared by several households, there must be enough toilets and washing facilities. Among other things, family accommodation must offer an adequate ventilation system, daylight, as well as access to electric lighting, an adequate supply of drinking water, an adequate number of bathrooms, and a sewage system. Housing should only be provided if there are not enough other accommodation options in the vicinity of the farm.
Water and bathroom facilities	Criterion 3.6	The company must provide drinking water and clean toilets, a place to wash hands, and a changing room for all workers.
Health protection	Criterion 3.6	Free regular medical check-ups must be offered in the workplace, and there must be a health supervisor among the staff. Protective clothing and equipment must be made available free of charge, be washed daily, and may not be taken home by the workers. There are regular training sessions on health protection for all workers.

Source: Fairtrade 2014

Unions are not involved in private sustainability standards audits.
Photo: U. J. Alexander/iStockphoto

the committees responsible for deciding how the Fairtrade Premium should be used (see Criterion 2.1) will be used by the farm management to build structures among workers that operate parallel to unions.

The overwhelming majority of Fairtrade wine from South Africa is transported to Germany in tanks and is only bottled after arrival. Fairtrade has also developed standards for the supply chain beyond the farms. For example, all retailers in the supply chain are required to sign sales contracts, commit to long-term business relationships of at least two years, disclose their own cost calculations to the retail partners they supply, and provide pre-financing. Beyond that, the standard stipulates that retailers pay a predetermined minimum price specific to each product and that they pay the Fairtrade Premium (Fairtrade 2014). Fairtrade also has a sector-specific standard for fresh fruit, which regulates pre-financing and the latest possible date payment can be made after goods are delivered (Fairtrade 2018: Standard 5.4).

One problem with the Fairtrade standard is that it ignores the specific problem of farm evictions.

The number of certified wineries in South Africa markedly exceeds the number of certified vineyards. One reason for this is that the standard certifies some wine producers only as traders, but not as primary producers. This means that these wineries can advertise with the Fairtrade seal, but do not have to comply with the corresponding standards on their own farms. The principle of "multi-estate" certification is equally byzantine and makes the unions' work difficult: a producer who operates a large number of farms can use the Fairtrade seal to advertise their company even though only a fraction of their farms are certified.

In conclusion, while the WIETA and BSCI standards barely go beyond the minimum legal requirements, and it remains entirely unclear what consequences producers who violate these standards will have to contend with (if any at all), Fairtrade is more ambitious, but less common among primary producers. WIETA and BSCI only focus on primary producers and completely ignore issues of market power and price pressure. However, according to one wine producer, even Fairtrade certification does not necessarily guarantee that producers will receive better prices on the market (Sustainability Institute 2017: 54).

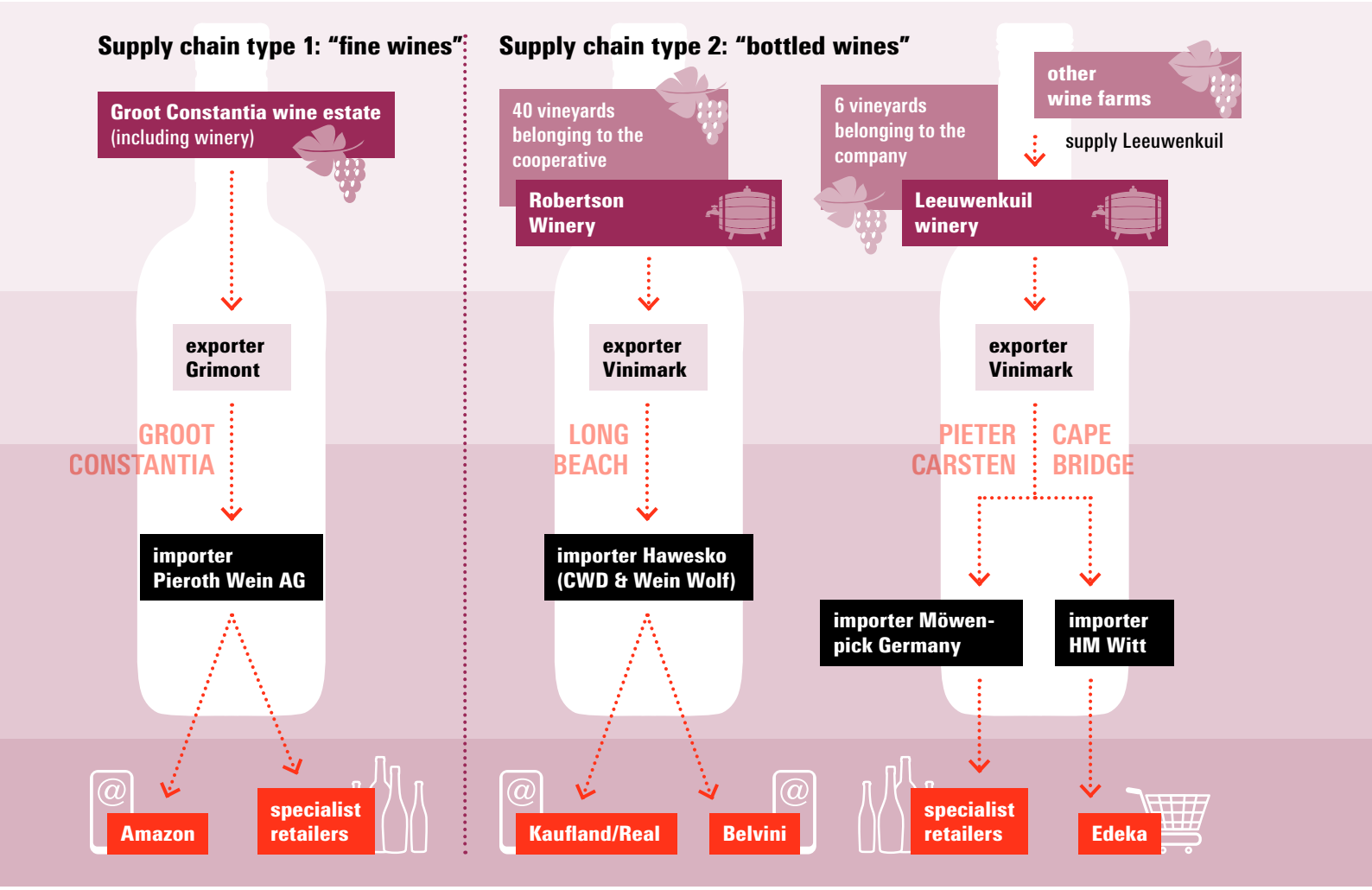
There is little evidence that voluntary private regulation is effective in the market. This statement made by a South African exporter therefore comes as no surprise: "We are not asked to comply with any environmental, social, or ethical standards when we sell wine on the German market" (ibid.).

4 In Detail: Realities of Life and Work on Vineyards

The working conditions at four different vineyards in the Western Cape were examined as examples for this study. The farms were selected based on their supply relationships with Germany. The workforces on all of the farms selected for this study are organized in the CSAAWU, and unions like the FAWU or BAWUSA are sometimes organised on other farms owned by the same producers. The Groot Constantia and Klein Constantia farms are registered as "wine estates" and supply the German market via supply chain type 1. This means they process their harvest into wine themselves, bottle it, and market it under their own label. Robertson Winery, Leeuwenkuil, and Van Loveren are large producers who market their wine through both supply chain type 2 (wine produced for the mass market but bottled in South Africa), and supply chain type 3 (bulk wine that is exported in tanks and bottled once it arrives in Germany). Figure 5 shows examples of the market linkages of the companies involved in supply chain type 2. For the market as a whole, exports via supply chain type 3 account for 80 percent of Germany's wine imports from South Africa, which makes it the segment in which the price pressure on producers is particularly high. This supply chain type is the most commonly used, but is also utterly lacking in transparency. In order to illustrate this, we have depicted the supply chain links that run via the two large German wineries Peter Mertes and ZGM.

Due to the coronavirus pandemic, our ability to carry out the last phase of the research in spring 2020 was limited for some farms. The Klein Constantia farm management forbade CSAAWU representatives from entering the farm for weeks on the grounds of health concerns, even after

Figure 5: Selected supply chains from South Africa to Germany

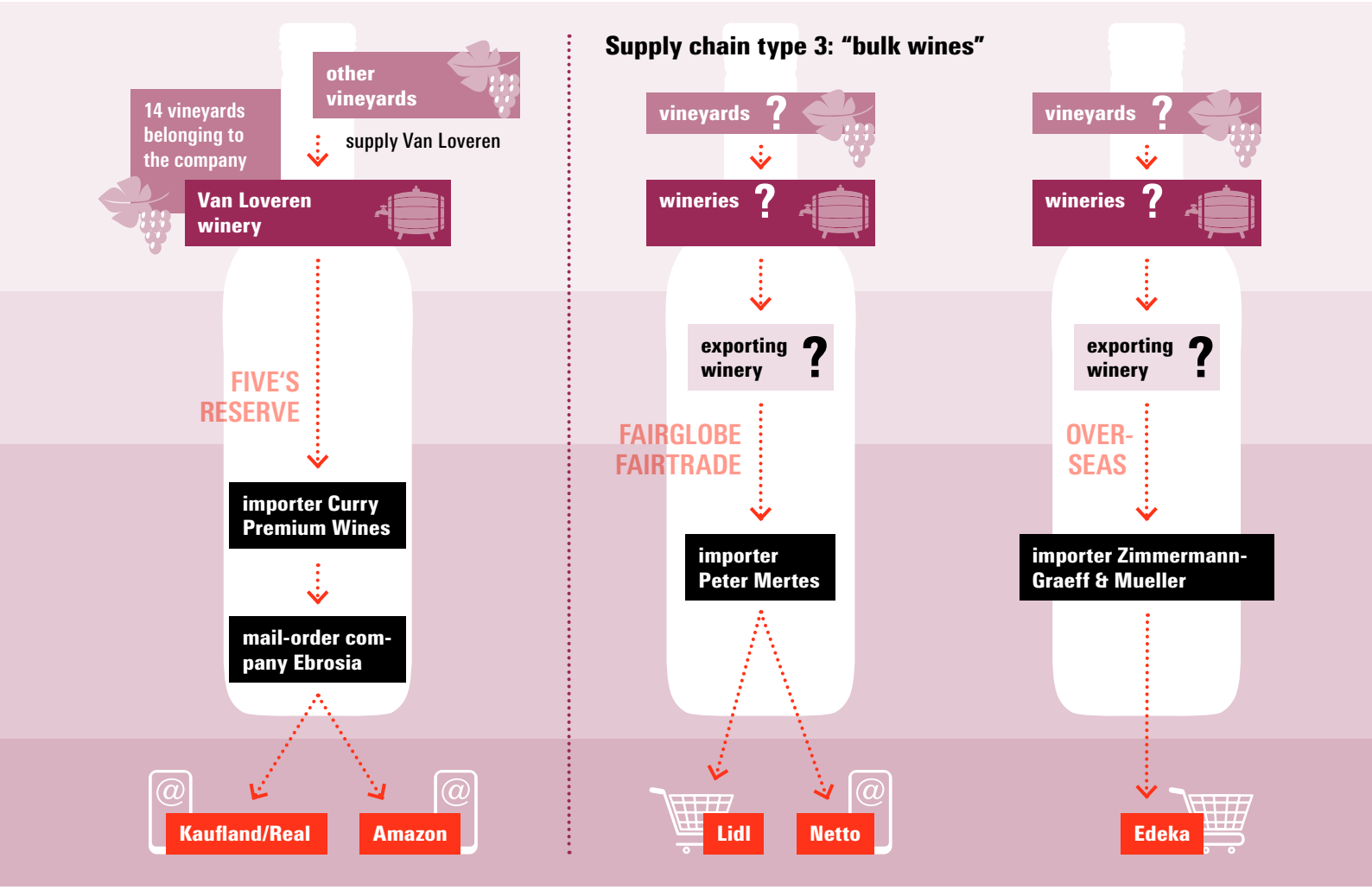


the wine estate's own shop had reopened. In Germany, Klein Constantia supplies Netto (via Reidemeister & Ulrichs) and Edeka (via Mack & Schühle), among others. For this reason, the planned interviews on the farm could not be conducted and were consequently omitted from this publication.

Groot Constantia

Groot Constantia is the oldest wine estate in South Africa. In the late 17th century, the governor of the Dutch East India Company received land for his "services rendered" during the period of colonialism and slavery, and the first wine estate in South Africa was later built on part of this land. The wine estate changed hands several times and was owned by the government during apartheid. Since 1993, it has been owned by the Groot Constantia Trust. Located directly behind Table Mountain near Cape Town, the farm attracts thousands of tourists every year. The wine from Groot Constantia has won international awards.

The estate has its own wineries and exports to a multitude of countries. Pieroth is its most important German trading partner; the wine importer uses various channels to market its wine, including its own specialist stores and online, for example on Amazon. Groot Constantia is WIETA certified, and, unlike other wine farms, the majority of its workers are CSAAWU union members.



Groot Constantia employs approximately 30 permanent workers who live on the estate with their families. The majority of the male workers are responsible for cultivating crops, which involves performing tasks such as pruning and tying the vines, and spraying pesticides. The male workers are also responsible for transporting the wine. The women on the estate primarily work in the winery, affixing labels and packing wines. In addition to the permanent staff, management employs between 15 and 50 labour broker workers on the farm throughout the year, most of whom come from Zimbabwe.

In 2017, the CSAAWU launched its own investigations and documented labour law violations at Groot Constantia, and WIETA subsequently conducted audits at the farm in May and October of the same year. The reports from these audits were made available to the author. One of the key points of criticism arising from the audits pertains to the working conditions for labour broker workers on the farm. The labour broker workers are primarily employed to take care of the maintenance of the vineyards and harvesting, but they are also expected to perform cleaning and repair duties. The audit reports show that labour broker workers did not receive paid holiday leave. In addition, these workers apparently did not have signed contracts, copies of their own passports, work permits, or monthly pay slips. They also had no documents proving that their employer—in this case the labour broker—paid contributions to the Unemployment Insurance Fund (UIF) on their behalf. In one interview, workers stated that labour broker workers who had worked on the farm for longer than three months were not employed on a permanent basis, as is required by law, but continued to be employed as labour broker workers. One worker who became pregnant while employed through a labour broker did not receive paid maternity leave. When asked, Groot Constantia's management stated that it works with the labour broker Trade Busters.[13]

In terms of working conditions, the workers' main criticism is the use of pesticides and the quality and extent of occupational health and safety measures in the workplace. The CSAAWU also conducted research on these issues together with the Industrial Health Research Group of the University of Cape Town (UCT). Among others, the herbicides paraquat, sold under the trade name Gramoxone, and imidacloprid, sold under the trade name Pride, as well as the insecticide deltamethrin were found on the farm. Paraquat is banned in the European Union. All three of these active ingredients are on the Pesticide Action Network's (PAN) list of highly hazardous pesticides (HHPs).

Although the active ingredients contained in these pesticides make workplace safety all the more important, safe working environments were not adequately ensured. According to a WIETA audit from 2017, the regular worker training courses prescribed by law did not take place, and further WIETA audits found the provision of protective clothing and equipment to be insufficient, and the storage of the pesticides was deemed inadequate.

In the interviews conducted for this study, workers stated that pesticides were used in the immediate vicinity of the accommodation where workers and their families live. After spraying pesticides, some of which are acutely toxic, management did not wait long enough before sending

13 Communication between the author and Groot Constantia's management in July 2020.

Wine estates market their wine under their own label.
Photo: heckepics/iStockphoto

workers back into the vineyards. The interviewed workers also considered the situation for labour broker workers to be particularly precarious, because they too—including women—are sometimes charged with the task of spraying pesticides. In the interviews, workers reported suffering from skin problems, irritation of the eyes, lips, and nose, dry coughs, and headaches, which they associate with working with pesticides. Groot Constantia's management emphasizes that all workers who are directly employed by their company are now expected to regularly attend occupational health and safety training courses. The labour broker workers, however, apparently do not receive such training.[14]

Worker Charlie Powells[15] reports that he sprays pesticides from a canister on his back without having received any training. The valve that connects the spray device to the backpack is not completely sealed, which means the pesticide mixture also drips onto his clothing. When it is windy, the pesticides blow into his face, especially his mouth, nose, and eyes. A doctor gave him a balm for his resulting eye pain. He later received protective goggles, but these were also not properly sealed. In addition to eye problems, he suffers from skin rashes. Several workers interviewed did not receive compensation following workplace accidents, as is required under COIDA. Karel Witboi is one such worker. He has been working on the farm as a labour broker worker for more than a year. He lost a finger while at work, but never received any compensation. Betty Charles has lived on the farm since 2010. One day, while packing wine at the winery, she fell and gravely injured herself and had to undergo two surgeries. She only receives a pension equivalent to €105 per month because she had a private pension policy; she does not receive a single cent from the farm.

For a long time, the quality of drinking water was a major problem for the workers on the wine estate. In 2018, the CSAAWU filed a complaint on behalf of the workers to the farm management concerning the bluish tinge of the drinking water. At first management claimed that it was safe to drink the water, and that the colour had to do with the water supply lines. A laboratory test later showed that the phenol content of the water was well above the amount stipulated by South African water quality guidelines. It was only after these tests had been conducted that the farm's management took the necessary steps to ensure access to clean drinking water.

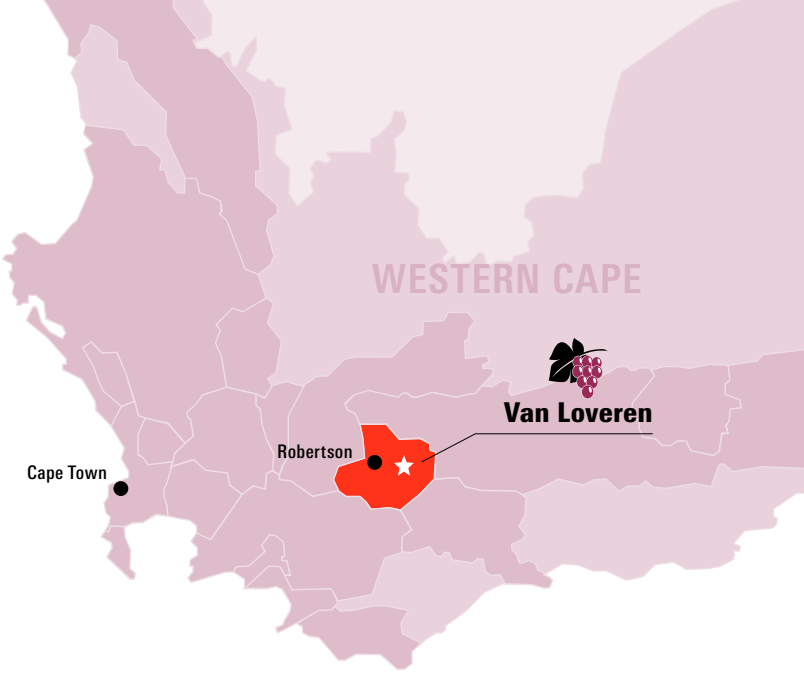
Another problem is the accommodation provided to farm workers. The WIETA audit from May 2017 had already noted an "inadequate understanding of the legislation around housing" at Groot Constantia. On-site research in 2018 and 2019 showed that many houses had mould on the ceilings and that the window and door frames were rotten. The employer is required by law to keep housing in good condition, especially when they deduct up to 10 percent of the workers' wages for this purpose. The WIETA standard requires companies to provide suitable housing, regardless of whether or not a portion of workers' wages are deducted for this. Groot Constantia's management argues that the housing conditions on their farm are significantly better than the average standard for wine workers (SOMO 2020: 38).

The workers also complain that houses on the farm remain unoccupied after former residents have moved out. The workers are suspicious that this is part of management's strategy to increasingly combine wine production with agricultural tourism and establish tourist accommodation on the estate. Groot Constantia's management refutes this assertion, but at the same time has declared that in the future they will no longer enter into employment contracts that require the farm to provide housing for workers.[16] Another of the workers' main points of criticism is that management has recently installed a number of cameras on the farm premises, which monitor not only their work activities, but also the workers' private sphere, including the area near their accommodation. Some workers report being called in by management and reprimanded for how they behaved on the weekend. "There is no privacy when you live on the farm," one of the workers said in an interview.

A major problem on the farms is the use of pesticides and the lack of health and safety measures.

Although the majority of permanent workers are CSAAWU members, the union is still required to ask for permission every time it wishes to enter the farm.[17] Nevertheless, years of union organizing have borne fruit. The CSAAWU states that communication between management and the union has improved and become much more regular. In wage negotiations in mid-2019, the CSAAWU was able to attain a 10 percent wage increase for all workers. The agreement to transform all positions currently filled through labour brokers into direct permanent positions within two years is especially remarkable in an industry that mercilessly exploits these workers in particular. Groot Constantia's management also emphasizes that they have an "open door policy" and that management rregularly communicates with the union. At the same time, however, as of July 2020, the coronavirus pandemic has made it impossible to implement the agreement reached with the CSAAWU in mid-2019.[18]

14 Ibid.
15 The names of people in this section have been changed.
16 Ibid.
17 The legal framework in South Africa is unclear in this regard. On the one hand, workers live on land that is the private property of the farm owner, but on the other, the LRA gives all unions that are "sufficiently representative" in a workplace the right to enter the workplace, but does not specify what this means (see Visser and Ferrer 2015: 55).
18 Communication between the author and Groot Constantia's management in July 2020.



Van Loveren

Van Loveren is the largest private primary producer of wine grapes in South Africa. With an estimated 2.4 percent market share (Meininger 2018), it manages to keep up with the large cooperatives in terms of volume. The company, which is run by four cousins in the Retief family, reportedly consists of more than 20 farms and has several of its own wineries. Van Loveren's expansion and purchase of several farms in recent years is an impressive example of the process of land concentration in the South African wine sector over the last decades. The Van Loveren wine estate itself is located in the Breede River Valley between Robertson and Bonnievale. According to statements made by workers on the Van Loveren farms, the wine is produced in different wineries: a portion of the harvest goes to the winery in Worcester, and another portion goes to the winery in Rooiberg, where it would appear to be bottled under a different label. Van Loveren has another facility in Bonnievale, a distillery where whiskey primarily from Scotland is blended and bottled, and which Van Loveren sells under its own label. Van Loveren clearly works with supply chain types 2 and 3, which means that the wine estate markets bottles of wine under its own label, and also exports bulk wine in tanks. For example, in Germany, wines in Van Loveren's Five Reserves line can be purchased online from Kaufland or Real. Van Loveren's management has not responded to a query from the author regarding the criticisms mentioned by the workers interviewed for this study.

Workers claim that there are less than 150 permanent workers employed in total across all Van Loveren farms. According to the CSAAWU, the family business at the same time employs a higher-than-average number of labour broker workers. Nine of Van Loveren's farms are WIETA certified. Van Loveren is also Fairtrade certified as a producer with individual farms and as a processor. However, Van Loveren's De Goree farm had its Fairtrade certification revoked in 2018.

In what follows, we will take a closer look at Vinkrivier, which is one of Van Loveren's larger farms. The farm employs approximately 30 permanent workers who also live on the estate, and up to 400 additional seasonal workers are employed during the harvest season. The farm was taken over by Van Loveren in 2015. It is WIETA certified, but not Fairtrade certified.

Housing conditions constitute a major point of conflict on the farm. According to workers, management only undertakes small cosmetic fixes like repainting the outside of the houses, even though it is their legal obligation to undertake all accommodation maintenance tasks. There are problems with mould and leaks in the roofs and walls of the houses, which allow water to enter when it rains. Workers also criticize the farm's management for refusing to fill out a form that would allow workers to receive a state subsidy for their electricity costs, for which workers who earn a monthly income of less than 3,500 rand (€217), which is the current minimum wage, are eligible. But this would have required management to be transparent about the fact that workers on the farm receive less than the minimum wage. The farm's management claims that it filled out the forms and submitted them, but that the local authorities did not approve the subsidy because the declared income was ten rand (€0.62) above the maximum income limit (SOMO 2020: 40).

Another major problem at the Vinkrivier farm is sanitation conditions and access to drinking water. Like many vineyards, Vinkrivier uses the existing irrigation system in the area with canals and dams for crop cultivation. The workers interviewed get their drinking water from a nearby canal. They state that the quality of the water is not actually good enough to drink because horses regularly walk through the canal, for example. Workers also complain that the water tested during the WIETA audits did not come from the canal, but directly from the mountains. According to their own account, the workers at Van Loveren requested that simple water tanks be installed to collect rainwater, but this request was denied. Van Loveren's management responded that the water quality was tested regularly (ibid.: 41). According to the CSAAWU, another problem on several farms is the lack of toilet facilities. This forces workers to relieve themselves in the fields, which can be particularly degrading for women. According to the WIETA standards, each household must have access to a water pump in the immediate vicinity of the house, and the drinking water quality must be tested once a year. Employers must also guarantee workers access to clean toilets in the workplace and in the workers' accommodation.

Medical care is also a problem on Vinkrivier. The farm workers unanimously report that the farm's management only covers the costs of visits to one specific doctor whose practice is located close to the farm. Should a worker require medical attention, management deducts 370 Rand (€22) from their salary for the doctor's visit, which does not even cover medication costs. This amount is more

than twice the daily wage for workers on this farm. Van Loveren's management rejects this criticism (ibid.: 60).

Trade unions are only organized on a few of Van Loveren's farms. The workers at the Vinkrivier farm report that they are afraid to join the union because, if they did, they would lose the privilege of being taken to the nearest town every fortnight on the farm truck. This opportunity to buy groceries or visit government offices is very important to the workers. The workers unanimously report having lost a number of privileges since Van Loveren took over the Vinkrivier farm. For example, in the past they were given the opportunity to take a trip to the seaside once a year. This type of privilege is no longer conceivable. Van Loveren's management countered this by stating that the takeover of the Vinkrivier farm in 2015 had not significantly altered the employment contracts (ibid.: 50).

Info Box 3

The Example of a Labour Broker

The labour broking system plays a crucial role in the South African wine industry. In the agricultural sector, it is not so much large hiring agencies like Adcorp that play a decisive role, but rather individual contractors who primarily use pickup trucks and mobile phones to pick up the labour broker workers from the outskirts of the townships every morning.

Fourteen labour broker workers were interviewed for the present study. They work for a one-man company like the one described above, which is active in the region of the Robertson Winery and Van Loveren farms. In the interests of their security, the names of the workers and labour broker have been kept anonymous. No direct link between the labour broker and the Robertson Winery or Van Loveren farms could be established.

The workers interviewed are from Lesotho and have been working for the labour broker for two to three years on average. They live in Nkqubela, the township right next to the small town of Robertson. The workers report that they usually only work on a farm for a short period of between three days and two months. In many cases they do not even know the names of the farms they are sent to work at, as they have barely any direct contact with the permanent workers on the farms. Most of the time they work on wine farms, and less often with livestock as well. The author was provided copies of the employment contracts between workers and the labour broker, but these are merely contract forms that are neither completely filled out nor signed. Only the workers' signatures and the date of the contract commencement are filled out. According to the contracts, workers are supposed to earn the equivalent of 18 rand per hour as per the sectoral minimum wage. In reality, however, they are paid on a piecework basis, which means that the employer determines a daily quota that employees are expected to reach. Workers do not generally suffer wage deductions if they do not manage to reach the amount stipulated. Instead, the labour broker issues a series of warnings, and after several warnings the workers are fired.

Work is usually conducted from 7 a.m. to 5:30 p.m., with a 30-minute break in between. The workers interviewed agree that these breaks are sometimes also shortened if the labour broker is not satisfied with the progress of the work. One worker says, "I often avoid going to the toilet when I need to, or taking a break to get water." Another worker says, "We continue working even when it rains, but the permanent employees do not have to." Workers are usually paid on a weekly basis. They have to cover their own medical costs themselves.

On the farms, they perform tasks such as cutting down trees, maintaining vineyards, and harvesting grapes. They are not generally charged with the task of spraying pesticides; however, they report that there are other labour brokers whose workers also perform this task. The workers are aware that the lack of health and safety measures is a problem. They complain that they often have to work in the vineyards when pesticides are being sprayed only two rows away—a close proximity that puts their health at risk. For the most part, workers are not provided with protective clothing or equipment, but this varies from farm to farm. Workers also report that they increasingly suffer from coughs and rashes at the end of their workday.

Workers report being supervised while they are working by the labour broker, who often carries a gun. A comparison of the work contracts and the workers' passports revealed that the contracts had false passport numbers written in them. The CSAAWU reports that this procedure is not unusual, since it deprives workers of the ability to take legal action against the labour broker in the event of a conflict.

The workers at the Vinkrivier farm have formulated a list of demands, all of which thus far remain unfulfilled. Among other things, the list contains the demand that workers receive two pairs of boots and sets of work clothes per year, instead of only one. This would allow workers to wear clean clothes while the clothes worn during pesticide application are washed. It is already problematic enough that workers are expected to wash their own work clothes themselves, which are contaminated by pesticide residue. The Fairtrade standard, for instance, would require that all work clothing be left on the farm and washed there.

The workers also worry about their children's future. One of their demands is that the farm employ their children from the age of 18, instead of recruiting new workers through labour brokers. This is linked to the concern that Van Loveren would otherwise be legally entitled to evict their children from the farm once they become adults. They also demand that Van Loveren pay 25 percent of their children's school fees. Since the farm is remotely located, the farmers' children attend school in the next town and live there during the week, which ends up being very expensive for their parents.

Leeuwenkuil

Leeuwenkuil is one of the largest private vineyards in South Africa. Located in the Swaartland region of the Western Cape, the farm covers an area of 1,250 hectares, 1,100 of which are used for wine production. The family business also comprises two additional farms in the nearby Paarl district. Like Van Loveren, Leeuwenkuil is an example of the concentration process that has taken place in the South African wine sector in recent decades. Even though the Leeuwenkuil farm was founded in the early 18th century, it only grew from an area of 45 hectares to one more than 20 times that under the current owner Willie Dreyer.

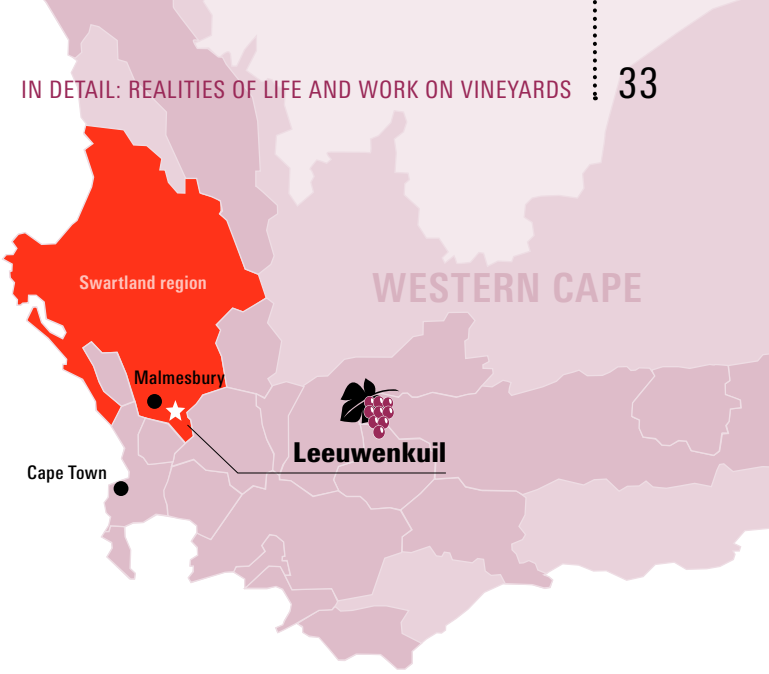
For a long time, the farm was part of the Perdeberg cooperative, which is still an important export winery that supplies wine to Germany. The family-owned business left the cooperative in 2008 and built up its own winery near Stellenbosch. Since then, its capacity for growing and processing wine has steadily increased. Leeuwenkuil has also rented additional space for its operations in the Swaartland Winery. By its own account, the harvests at Leeuwenkuil only provide about one third of the grapes that the company presses into wine, with the other two thirds sourced from external farms. In addition to bottled wine, Leeuwenkuil mainly produces bulk wine; the company markets wine under its own label, as well as under other companies' brands, which means it operates via supply chain types 2 and 3.

In Germany, Leeuwenkuil's products are imported by wine traders such as CWD and Mövenpickweine, which belong to the Hawesko group. These companies predominantly supply specialist wine shops and the hospitality sector. Wines from Leeuwenkuil were also sold by Edeka. Until recently, Leeuwenkuil also supplied Lidl in the Netherlands (SOMO 2020: 27). Leeuwenkuil is Fairtrade certified—not as a producer, but as a retailer and processor. This means that wine from other certified farms which is pressed in the Leeuwenkuil winery could also enter the German market as Fairtrade wine. Leeuwenkuil is also Fair for Life and BSCI certified. Leeuwenkuil's management has not responded to an enquiry on the part of the author regarding the workers' criticisms.

In what follows, we will take a closer look at the situation on the Leeuwenkuil farm. Almost 40 permanent workers live on the farm with their families. When a lot of work is available, as is the case during the grape harvest, more than 100 seasonal workers work there as well. Some of these workers were once directly employed by

CSAAWU activist Claudine van Wyk was fired in October 2019.
Photo: Johan Torga

The home of one of the families of workers on the Leeuwenkuil-owned Karnemelksvlei farm.
Photo: Johan Torga



Leeuwenkuil, but were laid off and are now employed by labour brokers on the same farm, but under much worse conditions.

Just as they did at Groot Constantia, the CSAAWU documented the living and working conditions on the Leeuwenkuil farm in 2017 and 2018 with a series of written reports and photographic documentation. The houses in which workers lived had cracks, holes, and mould in the walls, and residents encountered a multitude of problems when it came to accessing clean drinking water. The toilets and hot-water systems were broken. The houses of older workers were in an especially miserable condition. Many people who live on the farm reported experiencing allergic reactions such as a dry cough. However, it is unclear if this should be attributed to the mould in the housing, the workers' regular contact with pesticides, or other causes. The farm management reacted to the CSAAWU's reports by stating that the housing would be regularly inspected (ibid.: 39).

Aside from the housing conditions, workers also encounter problems in their interactions with the farm's management, whom they find to be extremely aggressive and disrespectful. A particularly drastic infringement occurred in early 2018 at the Karnemelksvlei farm, which had been purchased by Leeuwenkuil: the farm's management dug up land directly behind the workers' houses in order to plant vineyards, without informing the workers beforehand. The site that was dug up contained the graves of their ancestors.

The lack of occupational health and safety is also one of the main problems on the Leeuwenkuil farm. The CSAAWU reported that adequate protective clothing and equipment is not made available to the mostly male workers who mix the pesticides, nor to those who spray them. The total herbicide paraquat—in this case the product Paraquat SL from Arystra Life Sciences—is also sprayed on the farm. The driver cabins on the tractors used for spraying pesticides are not properly covered or sealed, which leaves the drivers exposed to the chemicals. The drivers also do not receive adequate training for the safe handling of pesticides, and workers do not receive the mandatory medical examinations. The CSAAWU also reported that pesticide containers are not properly disposed of after use. In subsequent interviews conducted in mid-2019, workers stated that improvements had been made in some areas: protective equipment for working with pesticides is more readily available, and workers are now expected to attend a two-hour safety training session every year. Other problems, such as the lack of safety features on the tractors, persist today.

In 2017, the workers on the Leeuwenkuil farm filed a series of complaints pertaining to the withholding of workers' wages and the dismissals of workers on the farm. The 60-year-old worker Betty Els,[19] who has lived and worked on the farm since she was eight years old, was fired after she became ill. When she enquired about her pension, she was told that she did not have one, and that she would have to live from government income assistance payments. CSAAWU has filed several complaints about the eviction of elderly people who no longer work on the farm, and workers' children who have reached the age of 18. Management responded that they only ever carried out legal evictions (ibid: 39).[20]

The CSAAWU organizes workers on several of the Leeuwenkuil farms. On the main farm we examined, almost all of the permanent workers are union members. In 2016, the union signed a recognition agreement with the farm's management.[21] This does not mean, however, that management respects the right to organize. For example, one worker who had been elected the farm's CSAAWU shop steward was singled out and fired, and this approach to trade union activism was reiterated in 2020. CSAAWU shop steward Claudine van Wyk gave an interview with a Swedish journalist that was published in September 2019. In the interview, van Wyk criticized many of the conditions described in this study. A photo was also published of her displaying her payslip, which shows that she received a salary of 648 rand (€40) over a period of two weeks and that she was paid by piece rate, instead of according to the number of hours worked. Claudine van Wyk was fired in October 2019; Leeuwenkuil's management accused her of making false statements about the payment of wages on the farm. Claudine van Wyk's family has lived and worked on the farm for three generations. She herself began working on the farm in 1990 at the age of 13.

19 Name has been changed.

20 The Extension of Security of Tenure Act stipulates that farmers may only legally remove farm workers from their accommodation if they were fired on reasonable grounds, or if they quit. In practice, however, there are many formal hurdles that make it difficult for workers to prove that their dismissal was unfounded, which indicates the ineffectiveness of the ESTA; see Visser and Ferrer 2015: 60.

21 The South African Labour Relations Act does not require companies to recognize unions as bargaining partners in collective bargaining. The prerequisite for negotiations is therefore that the union first attain a recognition agreement.

The CSAAWU sent the results of its enquiry into the general working conditions on the farm to the different certification organizations in the hope that they would put pressure on the farm's management to improve conditions for workers. As of mid-2018, Leeuwenkuil is no longer WIETA certified.[22] Even though the Amfori association, which manages the BSCI standard, received documentation from the CSAAWU, it did not grant the union permission to view its own audit reports. At a meeting in early 2018, Amfori confirmed reports pertaining to inadequate protective clothing and equipment for workers, the poor condition of the workers' accommodation, and the inadequate hygiene standards with regard to drinking water containers. However, the farm did not have its BSCI seal revoked. The CSAAWU was not privy to any further communication between Amfori and Leeuwenkuil.

Robertson Winery

Robertson Winery is a cooperative that is supplied by the approximately 40 farms owned by its 27 members. The winery is located in the small town of Robertson and produces approximately 7.5 million litres of wine per year. Fifty percent of Robertson Winery is owned by its member farms, and the other half is owned by the wine trading company Vinimark Trading Ltd. Vinimark organizes the marketing of several other South African wine brands, including those of Leeuwenkuil and Groot Constantia (see Figure 5). Robertson Winery produces a considerable amount of wine for the South African market, but also exports to countries like Germany. By its own account, the company does not export any bulk wine in tanks, which means it represents supply chain type 2. In Germany, the Hawesko subsidiaries CWD and Wein Wolf purchase wine from Robertson Winery; the wine is also sold online via CWD by Kaufland/Real. Robertson Winery is WIETA and BSCI certified. Only a small percentage of the farms belonging to the cooperative are unionized. The CSAAWU is active on three of the company's farms and in its winery.

In 2016, CSAAWU staged a strike at the Robertson winery.
Photo: TCOE

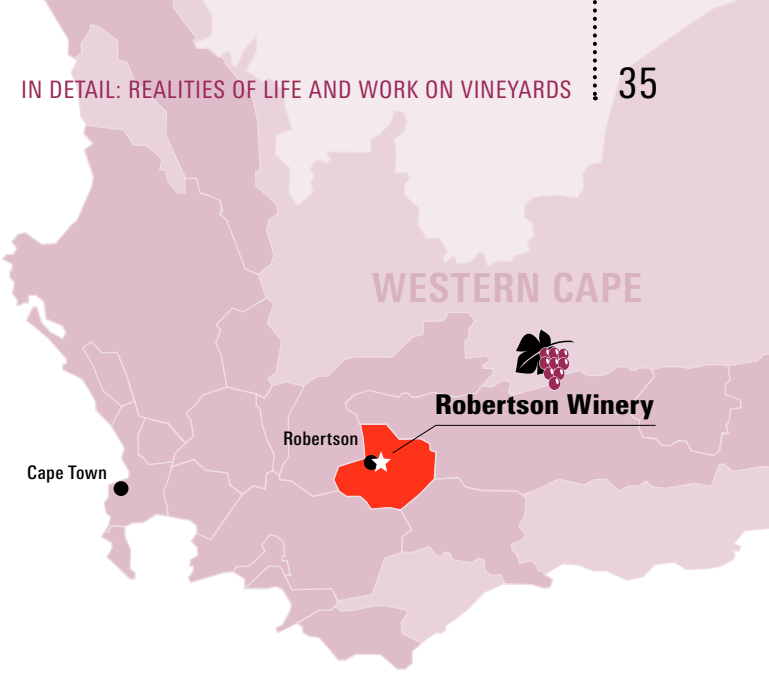
The union organized aid packages for the striking workers.
Photo: TCOE

What follows is a description of the situation at the De Goree farm, one of the farms where sections of the workforce are CSAAWU members. The farm is home to 70 permanent workers and their families.

Housing conditions are a major point of conflict on this farm as well; for a long time, workers have been complaining that their houses have cracks in the walls. The workers who live on the farm have 10 percent of their wages deducted for rent, which is in accordance with the legal provisions in the agricultural sector. Following an audit in 2018, WIETA asked the farm's management to repair the houses, but, according to the workers, repairs are yet to be carried out. Management, however, assures us that the houses are inspected every year, and that a lot of money has been invested into repairing them over the past three years (SOMO 2020: 40). In the interviews, workers stated that union members were prioritized last when it came to repairs to their accommodation; the tractor drivers, who are not union members, had their housing repaired first. The people living on the farm nevertheless try to keep their accommodation. According to the CSAAWU, five workers were laid off in 2019, but as of July 2020, four of them still live in their homes and wish to stay there.

Paraquat can cause acute toxic effects like skin irritation and lesions. Long-term contact with small amounts of paraquat can affect the lungs and increase the risk of Parkinson's disease.

22 In our communication with WIETA, we were unable to get a clear answer as to whether Leeuwenkuil chose not to renew their certification, or if it was revoked.



Another big problem on the De Goree farm is the use of pesticides; as is the case on the other farms under investigation, the highly hazardous broad-spectrum herbicide paraquat is also used here. Paraquat has been banned in the European Union since 2007 and can cause acute toxic effects like skin irritation and lesions. Long-term contact with small amounts of paraquat can affect the lungs and increase the risk of Parkinson's disease (Isenring 2017). In the interviews, the farm workers reported that they had not received the necessary information on the risks and correct use of the pesticides. The farm's management states that the workers who spray pesticides receive regular training. Management did not comment on the general health protection training for workers, which is both required by law and stipulated in the WIETA code of conduct (SOMO 2020: 56). Reports from several of the workers interviewed claimed that labour broker workers were sent back into the fields directly after pesticides had been sprayed. The De Goree farm's management denies these claims. Other workers revealed that workers were not provided with masks and goggles. Management also refutes these allegations and claims to have documentation proving its provision of protective equipment. However, said documentation was not made available (ibid.).

Another problem is sick pay. Several workers claim that they do not receive any wages when they become ill. They also claim that management has attempted to weaken the unionization of the workforce: at the De Goree farm, a mere 28 of the 70 permanent workers are CSAAWU members. In an interview conducted in 2018, workers claimed that management did not transfer the membership fees due to the CSAAWU for over a year and then approached them with an offer to refund the money directly to the workers instead of passing it on to the union. Employers in South Africa are required by law to deduct union membership fees directly from staff wages and forward this money to the unions. In mid-2019, the union intervened to solve this problem.

The strike received support from both the trade unions and civil society groups in Scandinavia—an important target market for Robertson Winery.

A special kind of working relationship exists at Robertson Winery. The CSAAWU organized a strike there in 2016, with workers demanding higher wages; 40 percent of workers received a mere 3,400 rand (€210) per month for full-time work. The company's Black workers were also protesting against discrimination: while Black workers had their working hours meticulously monitored by a time clock, the farm's white workers—who also received higher wages—were not subjected to the same treatment. Both the police and Robertson Winery's private security used violence to repress the workers' strike, and external workers were brought in to break the strike. The strike received support from both the trade unions and civil society groups in Scandinavia—an important target market for Robertson Winery. One supermarket chain in Denmark temporarily removed the company's wine from its selection.

The strike enabled the CSAAWU to push through an immediate wage increase of 8 percent and reach an agreement on further wage increases in the following years. However, some backlash followed this remarkable success, with Robertson Winery firing 20 CSAAWU members. Workers also reported an increase in surveillance in the workplace and state that their breaks have been shortened as well: workers are now only entitled to a 45-minute lunch break between 7:30 a.m. and 5:15 p.m. Their 20-minute morning break has been abolished. Robertson Winery's management responded to these accusations by claiming that reducing the amount of time allotted for breaks means that the working day ends earlier (ibid: 48). The CSAAWU believes that management is using repression in an attempt to reduce the percentage of union members in the winery to below 50 percent, which could jeopardize the company's recognition of the union as a legitimate collective bargaining partner. At the same time, the CSAAWU has been strengthened since the 2016 strike, and in August 2019, wage negotiations with the winery resulted in an average monthly wage increase of 500 rand (€31) per worker.

5 Conclusion

Human Rights Are Being Violated

The investigations conducted on vineyards like Groot Constantia, Van Loveren, Robertson Winery, and Leeuwenkuil, as well as interviews with labour broker workers in Robertson Valley reveal that farm workers and their families are subjected to fundamental violations of their rights in several areas.

The South African government has a duty to protect the rights of its workers during the coronavirus crisis. German wine importers and food retailers also have a responsibility.

The right to just and favourable conditions of work is enshrined in Article 7 of the United Nations International Covenant on Economic, Social and Cultural Rights (ICESCR). It also stipulates a living wage, as well as safe and healthy working conditions (United Nations 1966: Article 7). At the farms investigated for this study, workers received the legal minimum wage for the agricultural sector,

The workers on the farms do not have sufficient access to social security.
Photo: jacoblund/iStockphoto

which is 18.68 rand (€1.16) per working hour.[23] The NGO PMBEJD calculates that, given a 45-hour working week, this wage will still fall below the living wage of 7,430 rand (€460), even if a household has two full-time incomes—and this wage is only paid to an estimated 20 percent of the permanent workers on the farms investigated here. The other 80 percent of workers on the farms are thus even further away from attaining a living wage.

The right to health: The right to decent working conditions is closely linked to occupational health and safety. This right to health is enshrined in Article 12 of the ICESCR and specified in ILO Convention 150 on occupational health and safety. The investigations conducted on the farms reveal that occupational health and safety is extremely poor. On all of the farms under investigation, the permanent workers stated that labour broker workers in particular had their right to health violated. These workers often work in the vineyards while pesticides are being sprayed nearby and sometimes do not receive adequate protective equipment. In recent years, workers on the Leeuwenkuil and Groot Constantia farms have documented existing problems and rights violations with the help of scientists. The highly hazardous herbicide paraquat was detected on three of the four farms. Women tend to find themselves at greater risk because they often find it more difficult to refuse to comply with management's orders, and they are more likely than their male colleagues to be sent back to work in the fields after pesticides have been sprayed.

The right to social security is enshrined in Article 9 of the ICESCR, as well as in ILO Convention 102 and the ILO's 2012 Social Protection Floors Recommendation. Although the workers on the farms examined here work in one of the South African economy's key export sectors, the vast majority of them lack social security. As of June 2020, approximately 18,000 workers had lost their jobs during the coronavirus lockdown. Workers have limited access to income support in the event of unemployment, with evictions from farms constituting a serious problem. At the Leeuwenkuil farm, for example, elderly people who no longer work on the farm are forced to leave, as are workers' children when they reach the age of 18. A considerable number of former workers have been evicted from the De Goree farm as well. South African law permits this practice. During the coronavirus lockdown, the issue of whether or not the human right to social security is being violated has become all the more pressing. More than 80 percent of the people working on the farms investigated here are not permanent workers, but are only employed on a seasonal basis, sometimes via labour brokers. These workers are particularly affected by the absence of social security.

The right to organize and the right to collective bargaining are enshrined in ILO Conventions 87 and 89, as well as in South African law (Labour Relations Act). Nevertheless, on some of the farms examined here, it was found that the unions are hindered from organizing (Vinkrivier), and in some cases face active opposition (Leeuwenkuil and De Goree). To this day, unions are still prohibited from entering a number of farms, shop stewards are deliberately fired, and unionized workers are discriminated against and subjected to intimidation tactics. These forms of union repression are ultimately also a consequence of a specific social relationship between white farmers and Black workers, which continues to be marked by racism and a deep-seated sense of paternalism.

The right to adequate housing is embodied in Article 11 of the UN Covenant on Economic, Social and Cultural Rights. Access to a dry and well-ventilated house is just as important here as access to drinking water, sanitation facilities, and power for cooking, light, and heating. According to South African law, the management of a farm is responsible for providing and maintaining an adequate standard of housing for the workers, and is entitled to deduct rent from workers' wages to pay for this. However, this responsibility has been grossly neglected at both the Vinkrivier and Leeuwenkuil farms, for example. The CSAAWU has documented many instances of mould, cracks in the walls, and the lack of adequate bathroom facilities. The severe drought endured in recent years has made the already serious drinking water problem in the Western Cape even more volatile. Many farms in the region do not respect workers' right to clean water. Some workers living on the farms are forced to source their drinking water from polluted dams or canals; the modest request of workers on the Vinkrivier farm to have rainwater tanks installed was never honoured. The Groot Constantia farm constitutes another example of the drinking water problem: the farm only took action after the union, in collaboration with scientists, was able to prove by way of laboratory tests that the water was contaminated.

Accountability of German Importers

Those who are primarily responsible for the numerous human rights violations committed on South African vineyards are the farmers, who violate South African labour laws in many areas. At the same time, the South African government has a duty to protect workers' rights on site, and German wine importers and especially food retail groups also share some of this responsibility. Germany is the biggest importer of bulk wine from South Africa and the second-biggest importer of wine worldwide. The big

23 At the time the interviews were conducted, the sectoral minimum wage was 18 rand per hour. The "national minimum wage" in South Africa, from which the agricultural sector is exempt, is currently 20.76 rand per hour.

retail companies in particular have used their buying power to generate significant price pressure that pushes import prices down. They are therefore indirectly responsible for the economic pressure on South African farms, which in turn keeps wages down and replaces permanent employees with labour broker workers.

The extent of precariousness of the working and living conditions on South Africa's wine farms is currently becoming more than apparent and has assumed dramatic proportions in the wake of the coronavirus lockdown.

In January 2020, some of the largest German food retail corporations such as Aldi, Lidl, Kaufland, and Rewe recognized the universal right to receive a living wage, as well as their own human rights responsibilities along the entire supply chain. They formulated a joint declaration to address this: "We recognize that every stakeholder along the global supply chains—including the retail sector—has the responsibility to respect human rights and prevent potential negative effects along the entire supply chain." It also states: "In accordance with the Universal Declaration of Human Rights, we recognize ... that all workers have the right to a living wage to ensure a dignified standard of living for themselves and their families" (BMZ et al., 2020). Despite statements like this, the current situation makes it more urgent than ever to react to the price pressure from German retailers with new forms of public regulation. Legislation is required that places a due diligence responsibility on German importers of South African wines to ensure the protection of human rights in their supply chains (Brandt and Luig 2020).

The voluntary and private forms of regulation that have so far existed along the supply chain are not substitutes for public legislation pertaining to supply chains. After the

Info Box 4

The 23 Demands of the CSAAWU

In response to the numerous violations of labour laws and human rights, the CSAAWU compiled a list of essential demands within the context of a "speak out" campaign in 2011. These demands come directly from the workers, regardless of whether or not they are unionized, and the following 23 demands are the result:

1. No less than 250 rand per day (eight-hour working day).
2. A 13th pay cheque equal to one month's wages.
3. The houses that workers stay in on the farm must be their own.
4. Houses must be upgraded with sanitation—houses on most farms are in terrible condition.
5. Safe transportation to town, school, and hospital, as well as to all PayPoints (cash withdrawal facilities), in addition to transportation in the event of an emergency.
6. Labour brokers must be banned from farms. This is a form of slavery.
7. No "piecework".
8. There must be total equality between men and women in the workplace.
9. Full paid maternity benefits for female workers including seasonal workers.
10. Farmers must contribute towards a sick fund for farm workers and their families.
11. Freedom of association; a stop to all anti-union activity.
12. A collective bargaining forum for agriculture.
13. A good pension fund for farm workers which includes disability and death benefits.
14. Create a fund to assist with alcohol and substance abuse, and gender-based violence.
15. Compensation for all retired farm workers and disabled workers.
16. Childcare facilities and play parks for children on the farms.
17. Facilities for young people on farms to assist in their development and prevent alcohol and drug abuse.
18. Land made available for farming communities and small-scale farmers for food security.
19. Training and development of farm workers.
20. Minimum of five days family responsibility leave.
21. Workers must be paid for a 45-hour work week if work is cancelled due to rain.
22. End the economic boycott against farm workers and farm dwellers.
23. Farm workers' children should be allowed to stay on the farm with their family when they turn 18, instead of being evicted.

farm workers' strike of 2012 and 2013, the private sector increasingly relied on codes of conduct in an attempt to ensure social sustainability and the protection of workers' rights. In this respect, the South African label WIETA became dominant. Three of the four farms examined in this study are WIETA certified. It is abundantly clear that this kind of regulation is failing, as so far only one of these farms has lost its WIETA certification, despite well-documented violations of labour laws on the other farms. Other forms of private regulation such as those offered by BSCI and Fairtrade also fail to offer a viable solution. The concrete examples of the farms presented in this study show that the stepwise strengthening of workers' own forms of trade union organizing from below, rather than private standards, is the most effective way to enforce workers' rights and gradually improve working conditions. This is evident at the Groot Constantia farm and at Robertson Winery, for example, where the CSAAWU's consistent efforts to organize workers and document adverse working and living conditions in collective bargaining processes have been able to significantly improve the situation for all workers and their families in recent years. The social relations on the farms, which have been fundamentally shaped by apartheid, can ultimately only be reimagined and reshaped through an emancipatory practice that allows workers to articulate their concerns without fear and gives them a say. The central basis for this is to protect their fundamental right to organize.

Recommendations

The right to freedom of association and the right to collective bargaining must form the foundation for compliance with the labour laws on South African vineyards. A binding supply chain law in the importing country should play a central role in this.

The German Government Must Act

The German government must play its part in protecting basic labour and human rights in the wine industry and along the entire supply chain, and also prohibit unfair trading practices:

→ The German government should pass a national supply chain law that establishes the human rights due diligence requirements of companies that are based in Germany and operate transnationally. In order to be effective, such a **supply chain law** must include effective mechanisms for monitoring the **right to organize and freedom of association** and penalizing violations. Wine workers and trade unions also require the individual and collective right to take legal action, as well as access to information pertaining to the corporate decision-making processes that directly affect them. Similarly, instruments discussed for regulating supply chains at the EU and UN level (UN Treaty on Business and Human Rights) must also cover the effective enforcement of the right to freedom of association and the right to take legal action.

→ We support the German government's call for living wages in global supply chains. However, the case of wine production in South Africa presented in this study shows that **wage setting and the right to collective bargaining cannot be mutually exclusive**. The growing tendency to calculate living wages using standardized models developed by researchers and separating wages from concrete working conditions weakens the position of employees and unions. The German government should therefore prioritize enforcing the right to collective bargaining in its development cooperation work.

→ The German government must **curb** the excessive **market concentration** in Germany's food retail sector and the resulting price pressure along the supply chain. Ensuring that the EU's 2019 directive on unfair trading practices in the food retail industry is consistently implemented would constitute a first step in this direction. The German government should go beyond the EU's minimum requirements and also consider implementing regulations that would enforce the ban on selling goods at dumping prices.

The South African Government Must Act

Extensive violations of labour rights and human rights are committed on South African wine farms. It is first and foremost the responsibility of the South African government to enforce labour laws, penalize violations of the law, and implement union demands (see Info Box 4). The coronavirus crisis has exposed the widespread lack of social security for permanent workers as well as seasonal and labour broker workers, as many of them lost their jobs due to the crisis.

→ The **number of inspections** for health and safety requirements and compliance with labour rights in general must be increased, especially during the coronavirus pandemic. In order to achieve this, the South African government should substantially increase the number of qualified inspectors. Sanctions must be imposed on farms that violate labour laws. The ratification of ILO convention 129 on labour inspection in agriculture should form the basis for this improved strategy.

→ The many people who live on farms either as seasonal workers or unemployed retirees urgently require social security in order to survive. Unemployment Insurance Fund (UIF) payments must be replaced by the non-bureaucratic payment of a Basic Income Grant (BIG). In addition, public transport infrastructure must be ensured so that employees and their families can make

necessary purchases and visit government offices in neighbouring cities.

→ The South African government must prevent the coronavirus pandemic from leading to a situation in which workers are forced to bear the brunt of the deepened crisis in the wine sector. A **tripartite discussion** between the government, unions, and the wine industry is needed to explore ways of preventing wage cuts and dismissals in future.

→ A **framework legislation** for private sustainability standards should be introduced to ensure that they are not exempt from recognizing the right of workers to unionize and their right to collective bargaining. Trade unions should be involved in developing the standards and in the audits. The union's signature should be a precondition for audit approvals, and unions should have a say in the monitoring process.

→ Evictions from the farms must be stopped with immediate effect. The government should enforce a **moratorium on evictions**. In addition, the Labour Tenants Act and the Extension of Security of Tenure Act should be reformed to allow people living on the farms to own their own homes.

Importers and Retail Companies in Germany Must Act

The German government needs to take action, but German wineries, wine retailers, and retail corporations are also responsible for helping to enforce fundamental labour rights in South Africa:

→ There is a need for **transparency**: in a first step, food retailers should be open about their suppliers and the farms in their supply chains, especially when it comes to bulk wine. The existing traceability systems (the state A-code system and WIETA's traceability system) are not transparent. In a second step, German importers should make the price margins along the supply chain transparent.

→ When importing bulk wine, German importers must **put an end to price pressure** and pay reasonable prices.

→ That some German retail companies have declared their commitment to living wages along the supply chain is a welcome improvement, but they should also make collective bargaining agreements a precondition for their supply contracts for South African wine. These measures would prevent wage setting from being uncoupled from the right to freedom of association and collective bargaining.

→ Retail companies and the industry's employers' associations in Germany must stop blocking ver.di's demands **to make collective agreements generally binding** for the whole sector. Democracy cannot begin and end at the staff entrance. Which is why the provision of democratically elected works councils must also be guaranteed without exception.

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Appendix

Table 3: List of interviews conducted

		People	Organization
Group interviews	G 1 G 2 G 3	10 workers 4 workers 4 workers	Groot Constantia farm
	G 4 G 5	5 workers 3 workers	Robertson Winery
	G 6 G 7	12 workers 12 workers	De Goree farm
	G 8	14 workers	Labour broker
	G 9 G 10	10 workers 37 workers	Leeuwenkuil farm
	G 11 G 12	4 workers 4 workers	Vinkrivier farm
Individual interviews	E 1	Employee	Wine importer
	E 2	Employee	Importing winery
	E 3	Employee	Regional wine inspection agency
	E 4	Wine economy expert	Geisenheim University
	E 5	Wine farmer	Not stated
	E 6	Trade union consultant in the beverage industry	NGG (trade union)