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DE-RACIALISING EXPLOITATION:
'BLACK ECONOMIC EMPOWERMENT' IN THE SOUTH AFRICAN WINE SECTOR

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DIIS Working Paper no 2006/34

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Cover Design: Carsten Schiøler
Printed in Denmark by Vesterkopi as
ISBN: 87-7605-173-0
Price: DKK 25.00 (VAT included)
DIIS publications can be downloaded
free of charge from www.diis.dk

“Black Economic Empowerment” (BEE) in South Africa

This Working Paper series includes revised versions of papers that were presented at the workshop ‘To BEE or not to BEE: South Africa’s Black Economic Empowerment (BEE), Corporate Governance and the State in the South’. The workshop took place on 25-26 June 2006 at the Danish Institute for International Studies (DIIS) in Copenhagen with financing from the Danish Research Council on Society and Business (FSE) and DIIS. The papers do not constitute any official DIIS position on the subject. They can be downloaded free from www.diis.dk. For more information, please contact Stefano Ponte (spo@diis.dk) .

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Acknowledgements

An earlier draft of this paper was presented at the workshop ‘To BEE or not to BEE: South Africa’s Black Economic Empowerment (BEE), Corporate Governance and the State in the South’, which took place on 25-26 June 2006 at the Danish Institute for International Studies (DIIS) in Copenhagen. We would like to thank the Danish Research Council on Society and Business (FSE) and DIIS for financing the workshop, and all participants, but especially Lumkile Mondi and Gavin Williams, for their constructive feedback and criticism. All mistakes and omissions are our own responsibility.

Abstract

In November 2003, the South African wine industry held its first consultative conference on 'Black Empowerment'. The press reported to the world that the industry was at last entering 'the new South Africa'. For years, it had been a byword for white power and black exploitation – famous for the grim working conditions, poor wages, degrading institutions, and authoritarian, racist white farmers. In contrast to the past, when talk of change was the prerogative of white and male industry insiders, a wide range of industry stakeholders were invited, and the conference itself was dominated by new black faces and voices. A Wine Industry Plan was presented, in which 'Black Economic Empowerment' (BEE) figured as a central element.

In this paper, we argue that far from representing a decisive break with the past, BEE in the wine industry is in important ways continuous with it. BEE allows the industry to avoid potentially more uncomfortable options to redress current and past race-based imbalances – such as land redistribution, import boycotts, and better working conditions for grape pickers. An essentialist racial discourse, pivoting on ahistorical and dislocated notions of 'blackness' has been used to displace the transformation agenda away from challenging the impoverishment of the many to ensuring the enrichment of the few. What commitment to farm worker interests remains is couched solidly in self-amelioration discourse (education, training, combating alcoholism) rather than on farm worker organization and the nature of the labour regime on wine farms. At the same time, marketing and codification technologies are deployed to move the terrain of restructuring from a political realm to a managerial one – where a small cohort of black entrepreneurs can operate with new legitimacy. This terrain is characterized by branding, advertising, image building on the one side; and by codes of conduct, a sectoral BEE charter, scorecards, and auditing on the other. In a way, these tools are allowing both the standardization and the de-racialisation of labour and social relations in the wine industry, an industry characterized by slavery and exploitation in the past, and by more or less benign paternalism in more recent history.

Introduction

In November 2003, the South African press reported to the world that the South African wine industry was at last entering 'the new South Africa'. For years, this industry had been a byword for white power and black exploitation – famous for the grim working conditions, poor wages, degrading institutions like the 'tot' system,[1] and authoritarian, racist white farmers. The South African Wine and Brandy Company (SAWB) – a body created by the Kooperatiewe Wijnmakers Vereniging (KWV), for decades the conservative bastion of Afrikaner power in the sector – held a consultative conference on 'Black Empowerment' in the wine industry. In contrast to the past, when talk of change was the prerogative of white, male industry insiders, a wide range of industry stakeholders were invited, and the conference itself was dominated by new black faces and voices. A Wine Industry Plan was presented, in which black empowerment figured as a central element. The then Director General of Agriculture was present to welcome the plan and laud the new direction. It seemed that the leadership of an industry until then intimately entangled with racial oppression, was about to break from the past.

In this paper, we argue that, far from representing a decisive break with the past, 'Black Economic Empowerment' (BEE) in the wine industry is in important ways deeply continuous with it. We argue that the South African wine industry has for the most part reacted to pressures for equitable change by trying to contain or sideline them, and that recent shifts, for all their appearance of a radical departure, represent a continuation of this strategy. In particular, we argue that the adoption of a discourse of BEE has allowed an ideological sleight of hand by which the terms and conditions for debates about change in the industry have been placed on more conservative terrain. Furthermore, we argue that this more conservative agenda will soon be embedded in official frameworks such as such as the Wine BEE Charter and the technical monitoring tools associated with it.

The ways in which the racial terminology of BEE has been (mis)used has allowed the mostly white Afrikaner industry to form alliances with key black members of the South African urban elite – and this alliance has appropriated aspects of ostensibly transformative discourses to contain and capture the transformation agenda, and to marginalize issues that would address the fundamental structural relations of power that are at the root of black farm workers'

[1] The 'tot' system is known as the practice of giving alcohol as part of the remuneration package; it was abolished in law in the 1960s, but has survived into the 21st century on many farms.

poverty and marginalization. In a twist of irony, this is happening at the same time as Wines of South Africa, the institution in charge of generic promotion of South African wine abroad, has embarked in a new marketing initiative based on the image of the Cape Peninsula as a biodiversity hot-spot. 'Diversity is in our nature', says the main slogan of this campaign – sitting rather uncomfortably with two facts: first, that the industry is not diverse in its human nature, especially at the managerial and ownership levels; and second, that grape growing is a monocrop cultivation method that destroys rather than enhances biodiversity.

None of this can be said without marking the space from which the authors themselves speak. It can probably be expected that questions can be raised about the agendas and (conscious and unconscious) motives of three *white* authors raising critical questions about a process as contentious and contested as BEE. Clearly, our perspectives are shaped by the fact that social judgment and the production of social knowledge is a thoroughly 'raced' business: there is no space outside the contested terrain of transformation in South Africa where a 'neutral' and completely dispassionate judgment is possible. At the same time, this paper is written from a standpoint that although all of us are racially-situated speaking subjects, affected by – and intervening in – the politics *of* race, race by itself does not constitute and cannot replace politics, nor should an essentialist discourse of identity replace critical debate and reflection. Our paper, then, is written from a commitment to an anti-essentialist, democratic and transformatory politics that critically interrogates the practices and discourses of transformation in the context of the history of political struggle to which current transformation discourses appeal for their legitimacy.

In the next section of this paper, we briefly discuss the development of the South African wine industry against the background of colonial settlement, slavery and *apartheid*. This is followed by an overview of the structure of the industry, the mounting pressures for change that have been gathering force since the 1980s, and of the most important ways in which agriculture in the Western Cape has responded to these changes. This sets the scene for a more detailed discussion of the political economy of transformation in the wine industry, and of how the BEE process has been shaped by the different agendas of 'established' white industry, black business, unions, government, and NGOs representing (or claiming to represent) black workers in the industry. The following section examines examples of different land reform and empowerment models and shows how the focus of restructuring has shifted away from human and workers' rights and real relations of power within the 'workspace' to a broader concern with 'black empowerment'. In the final section, we will then assess the transformation process to date, examine the implications of its standardization and de-politicization, and to highlight the possibilities and limitations that BEE offers for social and economic change in the industry.

Historical background

Much has been written elsewhere about the history of the South African wine industry and its key institutions. A few key points bear re-emphasising here. Firstly, and most centrally, it is important to remember that the history of the South African wine industry is intricately linked with the social history of slavery, and the world the Cape slaves and slave-owners made (Ross 1983; Watson 1990; Crais 1992; Rayner 1986). Above all, slavery thoroughly shaped the habits and expectations of the tiny, tightly-integrated white elite that owned most of the farms of the Western Cape – an elite bound closely together by the ties of family, intermarriage, political affiliation and culture. This elite's identity was powerfully linked to their notions of themselves as farmers and owners of land. Landownership was for them linked to a racialised and authoritarian discourse of mastery which linked blackness to servility, and which reduced black people to the status of minor children (du Toit 1993; 1998). These racialised power relations were entrenched on wine farms in a myriad of institutions that worked to ensure the powerlessness, subjection and dependency first of slaves and (after the abolition of slavery) of farm servants. But the institutional underpinnings of white mastery did not only exist at farm level: white power was also embodied and entrenched in the structures of local government and in the development of agro-institutions: political and cultural power was exercised and reproduced by way of the membership and control of local cellars, producer co-operatives, the boards of credit institutions and banks, schools, estate agents and the circuits of white rural civil society itself. So deep were the linkages between political, economic and cultural power that, for more than 150 years after the end of slavery, this white landed elite continued to comfortably perceive both the wine industry and the farmed and settled landscape it had developed as its special property – an economic and geographical domain over which others had little to say.

One important legacy from this past was the development of an elaborate regulatory system dominated by the Kooperatiewe Wijnmakers Vereniging (KWV). Besides using planting quotas, mechanisms for surplus removal, floor prices, a complex 'pool system' and other instruments to protect growers from price pressures and the vagaries of the market, the KWV was also a powerful and conservative political voice, closely connected to the structures of

Nationalist and Afrikaner power. The second legacy was the perpetuation of the paternalistic, authoritarian and racialised labour regime inherited from slavery – a regime which saw black workers as minors, subject to the sovereign authority and protection of white masters, and which denied them the protection of any but the most basic rights.

This is a familiar story, but one central point perhaps deserves particular emphasis. The authoritarian and deeply racialised nature of this labour regime has often prompted commentators to depict its survival as an atavism, as the persistence of essentially pre-capitalist social and labour relations essentially ill-suited to modern capitalism. As one of the authors has elsewhere pointed out, this is a misunderstanding (du Toit 1993; 1998). Although the institutions of farm paternalism hark back to the time of slavery, there is nothing about them that is essentially incompatible with modernisation and capitalist development. The notion that farmers needed to be benevolent, and that they had to rescue their workers from the bad habits they acquired as slaves, is perhaps as old as paternalism itself. There are many examples in the history of 20th century farm paternalism of reformist or 'enlightened' innovators: perhaps the most important of these is the development in the 1980s of the Rural Foundation, which imported Taylorist practices and a discourse of management onto the farms and which enjoined farmers to invest in the 'development' of their workers.

But these innovations never questioned any of the central racial and political tenets of farm paternalism. A fundamental aspect of the innovations of the Rural Foundation, after all, was the fear of the spectre of rural trade unionism (Mayson 1990). Above all, these developmental initiatives still essentially cast workers as 'minors', childlike subjects essentially unable to act independently, as members of an *agtergeblewene gemeenskap* (a left-behind community) that needed to be 'lifted up' by their betters. The endemic alcoholism created by centuries of the *tot* system became in this discourse, an important referent: the political and social disempowerment effected by the institutionalisation of white power in the discourses of management and local government could now be medicalised and pathologised: farm workers were the victims, not of white power, but of the *bottle*, and the historical legacy of the past was held to be visible, not in the cultural legacy of a creolised identity that had to survive in the shadows, using the weapons of the weak, but in a suddenly-urgent new medical problem – foetal alcohol syndrome. This representation of coloured farm workers – that their essential problem was *drunkenness* – was of course heavily indebted to the notion of *die heppie hotnot (*'the merry Hottentot') identified by Jakes Gerwel as a key lens for coloured identity in his analysis of racism in Afrikaans literature (Gerwel 1988). Thus the discourses of development segued seamlessly from the legitimation of slavery, and continued drawing powerfully on the ideological vocabulary of racism for their own power and persuasive hold.

The social landscape created by this history is complex. One key point may be emphasised though: the absence of farm workers voices themselves. This is in part due to the relative failure of unionism to make any decisive impact onto the farms, and in part due to the complex politics of identity in South Africa since the transition – which has meant that the space for 'coloured' and Afrikaans workers to articulate themselves as *black* political subjects has been relatively limited (Erasmus 2001). The marginalisation of poor coloured workers within the wider politics of South African blackness is a complex subject that needs much more research. Suffice it to say that coloured workers never decisively articulated a counter-hegemonic identity *either* as workers *or* as black South Africans. This has played a key role in much that has followed since. In particular, it has created a discursive space in which all manner of other players could step in and claim to speak on their behalf with very little contestation.

Structure of the industry

The wine industry supports employment opportunities directly and indirectly for approximately 250,000 people, including those employed in tourism. According to a study commissioned by South Africa Wine Industry Information & Systems (SAWIS), the wine industry contributes 8.2% to the Western Cape's gross geographic product (GGP). R4.2 billion of the R16.3 billion gross domestic product (GDP) contributed by the wine industry to the regional economy is generated indirectly through wine-tourism activities.[2]

There are three main types of wine producers in South Africa: estate wineries, cooperative cellars and independent cellars. Estate wineries can only produce wine from grapes grown on their own land (but rules have been changed recently). Co-operatives process the grapes of their farmer member shareholders into wine on a communal basis. These co-operatives have invested vast amounts in production equipment and also press about 80% of South Africa's total wine harvest. Independent cellars and a number of wholesalers buy in grapes and/or wine, and make wine for bottling under their own brand names or under third-party brands, as well as making wine from grapes grown on their own wine farms. Distell is the largest of the latter group. In total, there are approximately 4,400 wine grape producers and almost half of these produce less than 100 tons of grapes.

[2] See www.wosa.co.za.

The deregulation and liberalization of markets that started in the early 1990s have had two main consequences for the organization of the industry and the wine industry value chain: first, the consolidation of cooperatives and wholesalers; and second, the growth of small, independently-owned, estates (du Toit and Ewert 2005). The latter category also includes so-called 'lifestyle estates'. A major consolidation occurred in 2001 with the merger of Distillers Corporation and Stellenbosch Farmers Winery to form Distell. Large international companies have also entered the South African wine industry (*Wineland*, May 2001), such as Pernod Ricard, Finlay Coopoolse (now bankrupt), Baarsma Wines, and Western Wines. In particular, Western Wines has built and extremely powerful brand (Kumala) sourced from South African wine. Kumala is currently the UK's leading wine brand. Vinfruco, an agile marketing company merged with Stellenbosch Vineyards in 2004 to form Omnia Wines, which has changed its name in 2006 to The Company of Wine People.

The marketing and distribution of South African wine has also changed in the past 10 years, prompted by new opportunities and challenges of the growing export market and a competitive international beverage industry. Exports have increased dramatically from 20 million litres in 1992 to 280 million litres in 2005. Currently, more than 4,435 farmers cultivate some 110,200 hectares of land under vines. The annual harvest in 2005 amounted to just over 1,171,000 tons (905 million litres), of which approximately 75% was used for drink-wine. This makes South Africa the 9th world wine producer (SAWIS data).[3]

In 2005, South Africa's major markets were the UK (37% of total volume of natural wine), followed by the Netherlands (17%), Germany (13%), and Sweden (7%) (SAWIS data). The Kumala brand was started in 1996 by UK-based wine importer Western Wines (now part of a larger Canadian group). Kumala sold a total of 3.2 million nine-litre cases of wine globally in the year to end-March 2006, of which 2.8 million cases went to the UK, making it the largest South African export brand and best-selling South African wine in the UK, accounting for 28% of total South African wine retail sales.[4]

The retail sector is the only growing wine market internationally (Rabobank 2004). The retail sector, particularly in the UK market, has started focusing on corporate social responsibility. Ethical and fair trade concepts have become increasingly popular generally, but also in wine. As part of the Ethical Trade Initiative (ETI) started by UK retailers, a pilot project was carried

[3] See www.sawis.co.za

[4] Source, Lynn Bolin, www.Wine.co.za, 7 April 2006.

out in the wine industry in South Africa. Subsequently, the Wine Industry Ethical Trade Association (WIETA) was formally established as a South African multi-stakeholder organization in November 2002.[5] WIETA's main objective is the promotion of ethical trade in the wine sector, and in agriculture as a whole through a voluntary code and accreditation system based on South African labour legislation. WIETA has signed up 103 signed-up members including NGOs and retailers. The members include 55 wine producers, 11 of which have received full accreditation.

Fairtrade certification and labeling by the Fairtrade Labeling Organization (FLO)[6] also started in South Africa since 2003. The Fairtrade labeling system guarantees to consumers that the product was produced and traded under fair conditions, including the payment of a minimum (floor) price and a social premium for socio-economic development. Fairtrade labeling in wine has grown quickly in South Africa and at the time of writing 22 FLO certified wine producers were contributing to five ranges of wines that are sold in the UK and other European markets.

Pressures for change and early 'transformation' efforts

The political transition of the 1990s brought about a wave of change in the political and economic position of the white Afrikaner elite that had benefited from National Party patronage. With the new democratically-elected ANC government in power, labour and employment legislation was brought to a minimum ILO level and beyond to ensure that basic human and social rights were afforded to all workers under the law.[7] The extension of the Labour Relations Act of 1995 and the free movement of unions in the sector led to bursts of union activity in agriculture. The extension of basic human, social and economic rights to farm

[5] See www.wieta.org.za

[6] See www.fairtrade.net

[7] Among these, we find: the Basic Conditions of Employment Act, 1998; the Occupational Health and Safety Act, 1993; the Compensation for Occupational Injuries and Diseases Act, 1993; the Labour Relations Act 66 of 1995; and the Skills Development Act of 1999 (Ewert and du Toit 2005).

workers resulted, *inter alia*, in an uneven process whereby white farm owners restructured the labour regimes of paternalism, opting for increased levels of casualization and externalization in order to mitigate the consequences of increased labour costs and the costs of complying with labour legislation. The contradictory effects of market deregulation and labour regulation, in particular of labour restructuring through the consolidation of the permanent workforce and the modernization of labour relations, have been discussed extensively elsewhere (see Ewert and Hamman 1999; du Toit and Ewert 2005).

What needs to be emphasized here is that the labour-intensive fruit and wine farms in the Western Cape have shifted to outsourcing. An increasing reliance on third party labour brokers has effectively enabled many farmers to wash their hands of accountability for the conditions under which harvesting teams laboured. It also ensured that significant portions of the labour force worked essentially outside the realm of effective regulation. The industry is experiencing increased fragmentation, while large corporate and international companies are consolidating their efforts in a bid to establish high-value, big-volume, and a diversity of brands to compete in a changing international market.

The promise of democratic transformation posed a powerful challenge to the elites, in particular the KWV, which had controlled the wine industry up until then and seemed to hold significant promise to black workers. In order to protect the economic assets it had built up since 1924, the KWV needed to mitigate the risks of government intervention and transformation of the industry. The opportunity had been created by the Amendment to the Cooperative Act in 1993 to convert to a private company and therefore pre-empt transformation by distancing themselves from the control of government. In 1997, the chairman of the KWV Lourens Jonker announced that the KWV would be applying to the Supreme Court to convert to a public company. Derek Hanekom, the then Minister of Agriculture and Land Affairs, resisted a mere financial conversion from a cooperative to a company. The Minister argued that the assets built up by the KWV while exercising its statutory duties should be considered in the public domain and would need to benefit the entire industry (CBN, September 1997). The dispute was settled out of court in September 1997, with the agreement that the KWV would fund an industry trust to provide services to the industry as a whole and to support industry transformation.

In February 1999, the South African Wine Industry Trust (SAWIT) was established and a board of trustees appointed by the Minister of Agriculture and Land Affairs and by the KWV. The main purpose of the trust was as the custodian of the funds paid by the KWV. The functions of the trust were separated into two Section 21 (not for profit) companies, namely:

BUSCO and DEVCO. The objective of BUSCO was to support research, development and competitiveness in the industry and was allocated 54.56% of SAWIT's funds. Busco funds were used to finance the following: Winetech, the research institution to support human resource development and the transfer of technology; the South African Wine industry Information System (SAWIS), and Wines of South Africa (WOSA),[8] a generic marketing organization. Busco funds were also used to fund the provision of services that had previously been provided by the KWV.

The objective of Devco, on the other hand, was in equal measure the development and support of new entrants to the industry, and the support and upliftment of farm workers and their communities. A part of its budget was also related to the marketing of wine products and access to related extension services. However, by 2001 Devco had only a limited number of successful projects in its books. Devco funds had been spent mainly on education, the development of training material, literacy programmes and health programs (*Wineland*, January 2001). The agenda was a familiar one: 'uplifting' members of the 'left behind' community, and educating farm workers about 'responsible alcohol usage'. Uncritically taking over the deeply racialised paternalist discourses that reduced farm worker development to the far less threatening task of weaning workers from the bottle, Devco at one point reportedly considered funding research that would trace whether farm workers had a genetic predisposition to fetal alcohol syndrome. Farm worker upliftment had been collapsed into the conservative and benevolent political agenda of the Rural Foundation; without even the Rural Foundation's commitment to an organized on-farm presence. An ambitious proposal to involve NGOs in a baseline study of farm workers living conditions came to naught, with little explanation of why it had been abandoned. Little had been done to support new entrants into the industry in comparison to the support provided to established industry through Busco. Most notably, there was no comprehensive post-transfer support program to the beneficiaries of the land reform projects that had been started in the wine industry through the Department of Land Affairs' land reform program. Devco was allocated 45.44% of the SAWIT funds, but by 2003 had only spent 21% of its budget allocation (Williams 2005).

Devco, in other words, fell well short of its mission to act decisively in the interests of farm workers . The Chairperson of SAWIT at the time, wine industry expert and writer Michael

[8] The South African Wines & Spirits Exporters Association (SAWSEA) established in 1990 was renamed Wines of South Africa (WOSA) in 2000 with the main objective of generic marketing of Brand South Africa in export markets.

Fridjhon, explains that '[a]t the heart of Devco's delays has been the problem of structures for funding – unlike the Busco funds. Devco's funds cannot easily be handed over to established bodies for administration – since none exist and since the Trust Deed specifically prohibits the trustees from creating infrastructure' (*Wineland*, January 2001). It should also be noted that the lack of Devco spending also ensured that it was business as usual in the wine industry. In addition, it meant that there was a 'honey pot' of money that could and needed to be spent (Williams 2005) – a fact that became very convenient later on.

Vision 2020 and the establishment of the SAWB

Winetech developed the Vision 2020 document in 1999 which laid down a process of research and consultation for building an 'innovation driven, market directed, globally competitive and highly profitable industry'. In a sense, the main function of Vision 2020 was ideological. While it announced the end of the 'productionist' era and announced the need for the industry to become more market-oriented, it did not offer much in the way of guidance as to how the industry could achieve this. With elegant circularity, the report's author was fond of pointing out that in order to succeed in the market, producers had to produce quality… while also stating that quality was whatever the market wanted.[9] But while Vision 2020 was devoid of useful and concrete strategies for the industry to adapt and survive, it played a key *ideological* role: in essence, it served notice on wine farmers that they were on their own. It played a vital role in attempting to establish a framework in terms of which changes in the industry had to be debated and legitimised. These terms were technical and neo-liberal, and rigorously eschewed any real engagement with the burning *political* questions facing the industry There was no mention of a change of ownership or redistribution of productive resources in the industry, nor any specific mention of 'black' or 'empowerment'. However, a prerequisite for the implementation of Vision 2020 was an industry structure and leadership that represented all stakeholders in the wine industry.

In 1997, the company ReInvest was started by a group of black professionals, entrepreneurs and businesses who had positioned themselves in the wine industry with the objective of investing in BEE and of transforming ownership and management. ReInvest played a key

[9] Philip Spies, personal communication.

role, along with individuals like Nosey Pieterse and Vukile Mafilika (the KWV's industrial relations and public relations managers respectively), in the establishment of the Black Association for the Wine and Spirits Industry (Bawsi) in 1998. Initially, the group was made up primarily of black entrepreneurs and professionals, and their explicit purpose was to portray themselves as the voice of black people – and specifically of black business in the wine industry.

In order to further its economic interests, Bawsi needed to present itself as being aligned with the interests of black workers and communities in the wine industry. A key part of its claim to represent workers interests lay in its link with the *Plaaswerkersvereniging*, an independent organization that called itself a worker's union, but which eschewed affiliation to COSATU, had as its general secretary a white person (Ockie Bosman, the original founder of the paternalist Rural Foundation), and which did not deign to sign up members, basing its claims to representativity on a vague and apolitical discourse of rural authenticity. Bawsi was thus able to claim commonness between black workers and professionals in a country hitherto dominated by a white elite, and linked the objectives of transformation of *ownership* and *management* of the industry to the economic participation and empowerment of workers and communities in the industry.

Bawsi continued to canvass support from unions, NGOs and other community groups (including women, youth and people with disabilities) located in the wine industry. In 2002, Rudnet was formed as the NGO arm of Bawsi. Rudnet consists of 49 NGO members that work with farm workers and communities in the Western Cape. Some of the signed up members regarded Bawsi with suspicion and saw them as middle-class opportunists who were trying to buy their way into the wine industry. The leadership of Bawsi, particularly the politically astute president, Nosey Pieterse, glossed over the differences and fragmentation of the group, which were lumped together as 'black', including 'business', 'labour' and 'community'. In a discursive slippage which seems to owe much to contemporary notions of blackness emanating from the USA (see, for example, Gilroy 1992) – rather than, for instance, the more politically aware articulations of South African black consciousness – 'blackness' functioned to create a new dividing line in the industry, one in which the difference between owners and workers mattered less, and in which a dislocating, essentialist and mystificatory discourse of race served to occlude important class differences. 'Blackness' made it possible to pass over the important differences between, for instance, marginalised farm workers and the more wealthy Bawsi leadership. It enabled Bawsi to clothe itself in political authenticity and to claim a legitimacy that had hitherto been imagined to pertain only to farm workers.

In the early 2000s, the transformation agenda in the agricultural sector had already started to shift from the initial focus of land and labour reforms that would benefit farm workers, to 'black empowerment in all sectors of the agri-food sector'. 'Black empowerment' in turn, involved a diminished focus on the harshly exploitative conditions of labour for black workers, and more attention to the notion of 'ownership'. Slowly, an ideological shift was happening in which the mantle of key political claimant for real transformation in the wine industry was moving away from workers on the ground to a much smaller group of potential owners and managers who, by virtue of a dislocated 'blackness' generally and homogenously associated with historical and political suffering, could now present themselves as equally deserving. Opportunities were emerging for 'black' investment in the wine industry, not only in land and primary agriculture, but also in wine making, branding, marketing and distribution. Bawsi wanted to be part of this action. However, the issue of the formation of a representative wine industry structure to negotiate, direct and drive transformation remained unresolved.

Bawsi was a ready partner when in 2002 KWV and Distell moved to form the South African Wine and Brandy Company (SAWB) as the 'inclusive and representative' body of the wine industry. The rationale behind the chamber structure that was adopted was that the various industry sectors would enjoy equal 'representation' and 'equal ownership'. The SAWB's four chambers represented: producers, cellars, trade and labour[10] Without any contestation, Bawsi managed to claim that it represented labour, even though it was founded by Pieterse (who had hitherto been part of KWV management) and others who lacked any structures of accountability or representation linking themselves to workers on farms. The other chambers were drawn from established industry, in particular from representatives of Distell and KWV.

SAWB became purportedly the forum where both old and new economic and political interest groups could stake out their claim in the transformation process of the wine industry. Essentially, institutional arrangements were changed so that they could remain the same. But the solution of a 'representative' institution was inherently unstable because the discourse of BEE opened space for new demands which could not be met by old habits. From Bawsi's perspective, grape production and wine-making were still dominated by whites. Thus, the

[10] Initially, producers and cellars were lumped together in one grouping, but the cellar grouping decided to appoint their own representatives and form Wine Cellars of South Africa. Cellars had previously been represented with the producers by Vinpro, previously the name of KWV's service division (*Mail & Guardian*, 22 July 2003). The Wine Merchants Forum stepped in to represent wholesalers, and Bawsi appointed representatives along with the four relavant labour unions (*Wineland*, November 2001).

structure of SAWB was still 75% white and 25% black. According to Bawsi, the interest groups were divided along racial lines, with a larger slice of the control still in the power of white interests in the industry. White interests still maintained 99% of ownership and control over the assets of the wine industry. The focus was now firmly fixed on the racial transformation of the industry. But racial transformation was not defined in terms of challenging the racialised social power relations of labour, but in terms of the extent of ownership and control of farms, cellars and labels.

Broad-Based BEE: the new national agenda for transformation

The SAWB adopted the task of articulating what transformation in the industry should be, but by 2003 had not concretely embarked on any projects towards its achievement and had been inwardly focused on itself as the representative industry institution. The BB-BEE Act interrupted this complacency with a new national objective and a framework within which it could be achieved. It also provided a new language of 'empowerment' that could be used by a 'representative' stakeholder institution to formulate *the* transformation agenda in the wine industry.

By mid-2003, SAWIT had been restructured. In 2002, the Minister had appointed six new trustees, while the KWV-appointed trustees remained a 'tightly knit group' (Williams 2005). Michael Fridjhon was replaced by Gavin Pieterse, a Gauteng businessman and former President of the Black Management Forum. Although he maintained a low profile in his first year as the Chair, he started building relationship with key industry stakeholders within SAWB, particularly with KWV and the Minister of Agriculture and Land Affairs, to whom he is accountable. He was at the helm of changing the structure of the Trust, which he claimed had been its own worst enemy and had not had a representative industry body with which to work. These changes involved the establishment of an executive committee of five out of the eleven trustees, a 'more hands on, practical and flexible arrangement to ensure rapid decision-making' (Pieterse, quoted in *Wineland*, November 2003).

The Wine Industry Plan (WIP) was developed by the SAWB, with the support of SAWIT, to integrate the objectives of Vision 2020 and the Strategic Plan for Agriculture (NDA, 2001) which aimed at creating a 'harmonious, prosperous non-racial agricultural sector'. The WIP was presented to a stakeholders in October 2003 at the Black Economic Empowerment Consultative Conference for the wine industry held at the Cape Town convention centre. Approximately 300 delegates were present at the conference, including representatives from SAWB, SAWIT, unions, Vinpro, government and NGOs. Cosatu's general secretary Tony Ehrenreich was apparently invited only at the last minute. The main objective of the conference was to 'consult' industry stakeholders on the wine industry BEE charter by presenting WIP as a ready-made solution. The organizers of the conference, SAWB and SAWIT, claimed broad consultation prior to the conference.

The dynamics of the conference and the non-existent relationships between the broader groups of industry stakeholders made it clear that, contrary to the organizer's initial claims, the WIP was not the outcome of broad-based consultation, and that a genuinely common vision for the industry did not (yet) exist. Although some aspects of the WIP were the subject of some discussion and feedback in small group sessions at the conference, there was no sense in which the 'consultative conference' could be held to have developed any consensus around the WIP or to have given it a much needed legitimacy. Instead, SAWIT was asked to embark on a thorough process of consultation in order to develop a wine industry charter. A memorandum of understanding was signed by the new leadership – Max Maisela as chairperson of the SAWB and Gavin Pieterse as chairperson of SAWIT.

It was only in 2003 that BEE became central to the discourse on transformation in the wine industry. Previously, the emphasis had been on worker rights and land and agrarian reform on the one hand, and growth and competitiveness on the other hand. The BEE nomenclature was wholeheartedly adopted by both old and new wine industry players. Although access to land and land reform remained part of the debate, the focus shifted firmly towards BEE.

Fast tracking BEE in the wine industry: corporate empowerment deals

The first corporate BEE deal in the wine industry took place in 2003, when Anglo American Farms (Amfarms) sold the Boschendal wine farm to a consortium of investors for R323-million. The consortium was made up of Citation Holdings SA (a Luxembourg-registered company which acquired 35%), local investors (which acquired 35%), and Kovacs Investments 608 (a broad-based empowerment group chaired by Chris Nissen, which acquired the remaining 30%). Boschendal has activities in wine, hospitality and tourism.

By 2004, the stage was set and the actors and alliances were ready for a major BEE deal expected by both industry and government – irrespective of the agreement to develop the Wine BEE charter and the scorecard to define and target how this should be achieved. According to Williams (2005) 'the quickest route to empowerment, and the one which is immediately rewarding, is to transfer a share in the ownership of companies to a few members of "historically disadvantaged communities". They may carry in their wake a broader constituency of worker- and community-based organizations. If the wine industry as a whole is to meet the targets set by government for black share-ownership, its largest institutions need to secure their empowerment strategies. By the middle of 2003, the institutional conditions were in place to move towards a major black economic empowerment deal.'

In early 2004, KWV announced an empowerment deal worth R207 million to sell a 25.1% share in KWV to Phetego, a black consortium including Bawsi, the KWV Employees Trust (KEET), the Epa Development Group, Kumnandi Liquor and Leisure investments, the National African Farmers Union and the SA Liquor traders association. At the heart of this deal appeared to be a circular arrangement in which SAWIT essentially used the unspent money originally entrusted to it for worker upliftment and the support of land reform to buy KWV shares. The arrangement was as elegant as it was ironical – the KWV was effectively funding the acquisition of its own shares with the money it had transferred to SAWIT (Williams 2005).

Cosatu was concerned about SAWIT and its chairman Gavin Pieterse being involved in the deal. It also argued that the arrangement was a contravention of the trust deed – the trust had misused its mandate by benefiting a few 'hand-picked individuals' instead of workers and communities (*Sunday Times* 29 February 2004). Cosatu demanded an enquiry into the conflict of interests of the SAWIT trustees, also acting as directors of Devco by the Minister. FAWU raised their concerns at a late stage and claimed that the Bawsi president had acted in bad faith by 'unilaterally' appointing two union members and one middle management representative as trustees.[11] The Minister – who had appointed many of the trustees and directors involved in the deal – did not accede to this request and approved the deal in July 2004, after KEET's shareholding had been increased to 27%.[12]

According to Williams (2005) '[t]he circularities that made the deal possible acquired new dimensions and became spherical'. The KWV deal was a major turning point for transformation in the industry: it was a big and symbolically important empowerment deal. In spite of the speciousness of the claims of key players to represent worker interests, no serious challenge was mounted. The deal made clear who the players and the brokers in the industry are and set the tone for future empowerment deals. It also made clear what could be expected from the various stakeholder groups and how social and economic risks and opportunities could be mitigated. Finally, it clarified the limits of direct intervention of government in the transformation of the industry.

Once the KWV deal was finalized there was a lot of movement and repositioning again within both SAWIT and the SAWB. The KWV trustees conveniently withdrew from the trust, and the Minister appointed a new set of trustees.[12] The restructuring of SAWIT's company and the reformulation of its mandate which had started during the funding of the KWV deal was formalized. In addition to Busco and Devco, another Sawit company was established called WIECO (Wine industry Empowerment Company).[13]

[11] Fawu filed a Section 77 notice of strike action with the National Economic Development and Labour Council, and also approached the master of the Cape High Court to investigate any allegations of improper conduct on the side of KWV management. Fawu filed a Section 77 notice of strike action with the National Economic Development and Labour Council, and also approached the master of the Cape High Court to investigate any allegations of improper conduct on the side of KWV management.

[12] The KWV Employee Empowerment Trust has 456 members and a 27% share in the voting pool. Bawsi breathtakingly claims to represent approximately 70,000 blacks from the wine and liquor industry, thus getting 25% in the voting pool – even though none of the workers they claim to represent are in fact unionized. EPA Development Group (Pty) Ltd has 9% shareholding in the voting pool and 21 members. NAFU (National African Farmers Union of South Africa) Western Cape branch, with 2,000 members, has 5.5 % in the voting pool. Kumnandi Liquor & Leisure Investment holds a 9 % share in the voting pool and represent more than 1,000 tavern and *shebeen* owners. SALTA (South African Liquor and Taverners' Association) is a national body with about 200,000 members representing the small and medium sectors in the liquor trade; they hold 5.5 % of the voting pool. A group of 14 individuals control 19 % of the shares in the voting pool.

[12] These included Kadar Asmal, Nomaindia Mfekheto, the Mayor of Cape Town, and Dr Thandi Ndlovu.

[13] See www.sawit.co.za

In 2005, a bitter debate ensued in the *Wineland* magazine (May 2005: 6) between Willlie Williams (the president of the National African Farmers Union) and Nosey Pieterse (the president of Bawsi). It started with a letter from Willie Williams entitled ‘Bawsi is not the black voice of the industry’. In his letter, the president of NAFU states that ‘Bawsi’s understanding of transformation is one of participation and not delivery. They are forcing themselves on to every board in the industry and are positioning their executive members for cushy jobs and contracts at every opportunity they get and without any or very little benefit to the masses they claim to represent.’ Williams went further in his letter and suggests that ‘exploitation comes in different shapes and forms and is no longer only the domain of the white man’. Pieterse pointed out in *Wineland* the following month that NAFU benefited from the Bawsi initiative themselves. NAFU owns 5% of Phetego Investment consortium, which in turn owns a 25% of KWV. Pieterse emphasized that Bawsi would continue to ‘champion the rights of blacks in general and workers in particular’ (*Wineland*, June 2005: 6).

While the ‘black’ leadership of Bawsi and NAFU were squabbling about who is the legitimate voice of black people in the industry, KWV was proposing to retrench 104 workers. Although the workers through KEET had acquired a 6.7% stake in the KWV, they were powerless in curbing retrenchments. Cosatu again condemned the empowerment deal and KWV by stating that ‘all that’s happened is that you have this black interest in the shape of shareholders and black board members, but the culture and the direction of the company has not changed in any way’ (*Business Report*, 1 August 2005). One year later, in July 2006, SAWIT made public its intention to revoke the R135 million loan to Phetego, due to a lack of organizational change and empowerment within KWV (*Farmer’s Weekly*, 28 July 2006).

At the time of the KWV deal, Distell, the largest producer wholesaler in South Africa in which KWV has a 30% share, had been negotiating a BEE deal with a Johannesburg-based company owned by black women. Distell announced its BEE deal in September 2005 with big fanfare (including live video conferencing). Distell employed all the ‘correct’ BEE terminology: women’s empowerment, disabled groups, workers and national scope, and ‘broad based’. The BEE consortium (through the company WIP Beverages) has acquired a 15% stake in Distell in a deal valued R869 million.[14]

[14] WIP Beverages consists of three shareholding groups, namely: the Distell Employees Trust (45%) including all Distell employees regardless of race or position; WIPHOLD (40%) an investment company started by 4 black business women; and a Corporate Social Investment (CSI) Trust (15%).

Gavin Pieterse, aligning himself with the interests of Bawsi, expressed concern that 'a Gauteng empowerment group got the lions share of the deal along with the workers to the exclusion of entrepreneurs in the Western Cape who had a deep understanding of the wine industry' (*Business Report*, 23 August 2005). Another concern was expressed regarding worker representation in the deal and whether these workers were eligible to benefit (both black and white workers of Distell were included).

The KWV and Distell deals have paved the way for industry 'empowerment', and provided other industry players with the examples of how it could be done and what could be avoided. Other cellars and companies are now embarking on BEE deals. One such proposal is being considered by Cape Coastal Vintners in the form of an equity share deal with a black investment company and the formation of a workers trust. Cape Coastal Vintners (CCV) is a joint venture between five large cellars, including Riebeeck Kasteel, Boland Cellars, Wellington, Wamakersvallei and Bovlei. These proposals are following a 'Distell model' – with the inclusion of strategic black investment partners and reserving equity for a relatively indistinguishable group of workers.[15]

With the KWV and Distell deals, according to some stakeholders, the level of BEE in the wine industry is close to industry target.[16] For others, this means that the big opportunities for change for the benefit of farm workers in the wine industry have passed.[17] Other big players, such as Winecorp and Origin Wines, are more focused on aspects that are more generally related to corporate social responsibility – like skills development, social infrastructure, and 'ethical trading'. Winecorp, for example, played an important role in the establishment of the Vineyard Academy. Spier, Winecorps' flagship farm, was the first industry player to release a sustainability report – placing them at the cutting edge of developments within the international social responsibility and accountability debates and practices. Spier wine estate is also WIETA accredited, and is a Fairtrade in Tourism South Africa-certified destination. Origin

[15] Independently, Boland Cellars has also announced that it will sell a stake of its cellar and marketing equity to a black women's investment company. The announcement states that a stake will also be given to the workers in Boland Cellars and that farm-specific projects will be launched. Boland Basadi Investments will acquire a 26% stake in the marketing and service companies of Boland Cellars. Ten per cent of the shares will be allocated to a workers trust, of which the Boland Cellar workers will be the beneficiaries (www.bolandwines.co.za). Key figures in Boland Basadi Investments include Namane Magau, President of the Business Women's Association (BWA), and Thandi Ndlovo, a SAWIT Trustee.

[16] Interview, 20 February 2006.

[17] Personal communication, 21 March 2006.

Wines, a producer, wholesaler, and exporter, is also an enthusiastic supporter of WIETA accreditation. The CEO of Origin Services, Jaco van der Merwe, is also the chairperson of WIETA. Origin Wines has been involved, and publicly so, in other community-based projects (such as the Khayamandi School Project) in partnership with its core UK partner Western Wines, with which it has an exclusive supply relationship.

The Wine BEE charter and scorecard: technologies of power in action

The development of the Wine BEE charter is yet another site of struggle for empowerment in the wine industry. SAWIT has taken charge of the Wine Charter Steering Committee (WCSC) that was formed in 2004 as a multi-stakeholder group. But worker and community representatives have not had adequate information or understanding of the complexity and multiplicity of structures of the wine industry, nor of technicalities of the BEE charter process and codes of good practice. The consequence is that many were excluded from the deliberations, despite being present.

According to *A Roadmap towards the Wine BEE charter and Industry Scorecard* (SAWB 2005), individual companies can be affected by the charter through: liquor licenses, statutory levies, the wine certification system, granting of duty free access to export markets, land reform and other government support schemes, access to irrigation water, access to Sectoral and Education Training Authority (SETA) funds, access to land bank and other financial institutions, access to DTI incentives, and access to state research funding. However, according to a survey done by Kassier and Sawis on behalf of the SAWB in 2004, there is misconception about BEE amongst stakeholders, especially wine grape producers. 'People think almost exclusively in terms of equity shares and assets, such as land … the common response [to what BEE is about] is, "They want to take one-third of my land away"' (Kassier, quoted in *Business Report*, 6 July 2004). The article also states that 'land alone is not what empowerment is about'. Access to land (either through ownership, crop/profit sharing, rental or buildings) is one of the elements considered under the ownership component of the draft Wine BEE scorecard along with equity ownership, capital assets and brand ownership. Although there is still a lack of awareness about what exactly BEE entails, an increasing number of primary producers are comfortably making the paradigm shift that BEE does not equal land.

According to the codes of good practice developed by the DTI, the dimensions of empowerment include direct empowerment, indirect empowerment and enterprise development. These are further split into sub-dimensions including: ownership, management control, employment equity, skills development, procurement, enterprise development. The codes also contain a 'residual element' which include social issues and corporate social responsibility concerns specific to the industry, like housing, tourism and FAS in the wine industry. The first draft of the Wine BEE charter and scorecard was released in April 2006.

In it, there is no specific mention of working and living conditions, and tenure security (which remains major problems in the industry) has been included under the 15% residual element – along with other issues inherited from the paternalist discourse of the Rural foundation, such as 'responsible alcohol usage'. The WIETA auditing experience (2005) has shown that compliance with national labour and employment legislation cannot be assumed.[18]

Irrespective of the big industry BEE deals, individual cooperative cellars and private companies are feeling the pressure to get their BEE status in order. According to a private cellar owner who has embarked on an equity share project with their workers, the reality of BEE is that you either do BEE or you do not, and thus 'you either die quickly or slowly'.[19] Other producers, particularly estate owners, are sure that their current skills development, employment equity and corporate social responsibility initiatives will be able to fit into the BEE scorecard in some way or another. Most producers and cellars are waiting for the charter to be released before they take any action. Some have raised concerns about the technocratic approach of a scorecard – pointing to the fact that some initiatives will be implemented purely for the purpose of filling in the scorecard, rather than on the basis of the feasibility or sustainability of the project itself.[20]

[18] For the most part, WIETA members are relatively progressive and modern farmers and businesses. The WIETA code is based on South African labour legislation. However, only a handful of WIETA's members have received full accreditation – attesting to the fact that it is not as easy to comply with the letter of the law. While WIETA could be criticized for being too rigid, the point is that compliance with labour and employment legislation should not be taken for granted.

[19] Interview, 7 April 2006.

[20] Interview, 27 March 2006.

Redistribution through branding: the shift to black-owned brands and social labeling

The first wave of transformation projects in the wine industry were land reform projects that were linked to a specific brand (land-and-brand projects). These projects were mostly implemented through the government's land reform program and the Settlement and Land Acquisition grant between 1995 and 1998, and from 2001 onwards through the Land Redistribution and Agricultural Development program. These land reform projects were mostly joint ventures between white farmers and their workers. They included contract growing, equity share schemes and long-term lease agreements on municipal land (Mayson 2000). In most cases, the worker shareholders or beneficiaries also work on their land or land in which they have a share. By utilizing the Department of Land Affairs Settlement and Land Acquisition Grant (SLAG) groups of workers acquired an interest in commercial wine farms in partnership with their employer. Although these projects entail many social and economic risks, they have been accepted by the Department of Land Affairs as a viable model for transferring ownership in the fruit and wine sectors. Projects like New Beginnings, Winds of Change, Nietbegin, Sonop and Thandi were pioneers in this process.

In some cases, specific blocks of vineyards are donated to the workers – as is the case with Sonop wine farm, where 12 ha of vineyards were donated to the workers and their families' community property association (CPA). The wines made from these grapes are sold under the Winds of Change brand. Initially, these wines were bought by Traidcraft in the UK, and also by the Coop retail chain. A direct corporate social responsibility contribution of £1 per case of wine was also made by Coop towards the project.

Another case is that of Bouwland wine farm just outside Stellenbosch, where 60 individuals from 39 families formed the Bouwland Workers Trust in 2003 to acquire 74% of the shares in the Bouwland Estate (which comprised of 56 ha of vineyards in prime agricultural land). The new Bouwland company inherited an already established brand.

Thandi is another equity-share project on a wine and fruit farm in the Elgin area.[21] It was initiated by Dr Paul Cluver (owner of De Rust Estate and Paul Cluver wines and influential business man) in partnership with the South African Forestry Company (SAFCOL) and the workers on De Rust Estate and the Lebanon community (formerly the forestry village, where many of the workers of De Rust estate also live). The project consists of 200 ha of land, 100 of which uncultivated, 36 ha with apple, plum and pear trees, and 4 ha of Cabernet Sauvignon. Lebanon Fruit Farm Trust owns two-thirds of Thandi Wines which is the owner and custodian of Thandi wines. Another important aspect of the Thandi project is its partnership with the Fairtrade labeling organization – it becaume the first FLO certified wine producer.[22] The other third of Thandi wines was owned by Vinfruco, which merged with Stellenbosch Vineyards in 2004 to form Omnia wines, now called The Company of Wine People. Omnia therefore inherited the Thandi project as the symbol of its empowerment drive within the company. The strategic objective of Thandi wines however, is to build the Thandi brand by increasing volumes of wine sourced from other empowered and Fairtrade certified wine farms.

Similar to Thandi, in terms of the interests of a large player in the industry is the Papkuilsfontein project. The project consists of shareholding of the workers, the community, Distell and a group of taverners. The last partner also makes this project unique, but probably only a first of its kind. 70% of the grapes produced at Papkuilsfontein are sourced by Distell for the Tukulu brand.

In terms of ownership, these types of projects afford workers indirect ownership. The ownership of economic resources, land and production capacity are tied in with the interests of the group. Often the shares or trust units are not tradeable, sometimes for a certain period of time. In some cases, beneficiation of the trust is linked to being an employee on the farm. Furthermore, the levels of equity owned by the workers may be sufficient to meet the requirements of BEE (e.g., 25%), but when it is broken down into the stake enjoyed by each individual, the level of economic interest is substantially watered down.[23] A related problem is that

[21] Elgin has emerged as a popular wine growing area in the past 10 years. It is particularly favourable for noble varieties because of the coolness of the climate.

[22] This process involved the Fairtrade Labeling organization developing Fairtrade product standards for wine, and a new product for the FLO register. This process was supported both with financial and human resources by the Fairtrade Foundation in the UK, one of FLO's biggest and fastest growing national members. The UK is also the biggest market for South African wine.

[23] Interview , 1 February 2006.

the size of these projects does not allow for many beneficiaries to be actively participating in the daily management, problem-solving and growing of the business. In a community context, this may lead to discontent among the more distant shareholders because of a perception that they are not adequately informed or that they are being defrauded.

While these workers acquire an economic share in land and in a business, their tenure remains insecure. In most cases, the workers do not own the houses in which they live. Mostly, they also do not live on the land they own, nor have they the opportunity or the capital to build homes on the land which they own. There have also been empowerment projects, like Fair Valley, where the workers were supported by their employer and the owner of Fairview, Charles Back, to buy in grapes and make a wine under their own label. The profits of this venture would then be used to build houses for the workers on their own land – which was bought with government grants. In the first years of the project, the weak rand and favourable trading conditions earned the project a substantial amount of money and houses were built quite quickly. However, the stronger rand of the past few years have seen profits decrease and slower progress made in the building of houses. Initially the project was buying in grapes and making wine. Under the current conditions, it is more cost effective for them to buy in wine, blend, bottle and sell under their own brand. However, the margins are still tight.

Black-owned brands have become an important feature of empowerment in the wine industry since 2003.[24] This business model is rapidly growing with the support and encouragement of the Bawsi leadership. According to Nosey Pieterse (President of Bawsi, and Executive Chairman of Lindiwe Wines) branding is the key window of opportunity for black people with little or no capital to enter the industry. The model is based on outsourcing most of the productive and manufacturing functions in the wine value chain and focusing on building quality brands and aggressive marketing. Here, 'Black Economic Empowerment' goes hand in hand with processes of externalization and casualisation that pass on risk and cost to farm workers, and which often put them in the employ of labour brokers whose operations are effectively impossible to regulate. According to Nosey Pieterse[25] the most important skills required by black people in implementing and making a success of the virtual company model is negotiation skills and partnerships. Many of these projects have built partnerships with large industry players (e.g. Lindiwe and KWV, Women in Wine and Boland Cellars), as well as an eager

[24] These brands include Lindiwe ('the one we have been waiting for'), Ses'fikile ('we have arrived'), Lerato, Yamme, Mia Cara, Black Grape, and Edens Vinyard.

[25] Interview, 3 March 2005.

South African retail sector, wanting to procure from black-owned and black-empowered businesses. However, there are usually only a small number of individuals that get sufficient exposure to negotiating and marketing, and therefore a small number of individuals who acquire these skills.

In practice this means that these groups or individuals source wine from other cellars, appoint a wine maker to blend according to their specifications, outsource the bottling, but retain ownership of the brand. These black-owned brands can in fact rely on highly exploitative relations of labour, yet are able to present themselves as more 'legitimate' – they have black ownership. There is enough surplus of wine grapes and production capacity for these groups to avoid having their own capital outlays. This means that they control a small but lucrative part of the value chain, and that they do little to effect changes on the ground for farm workers.

As is the case in the corporate equity share deals, some of these brand businesses also include a broad base of beneficiaries through a workers trust or a community trust. Women in Wine is such a group. It sells two wines, a red and a white blend, under their own brand Eden's Vineyard. Women in Wine includes a group of 20 female professionals and entrepreneurs who have experience in the wine industry[26] as well as the Farm Women Trust which will benefit approximately 500 farm worker women through access to skills development and training. These farm workers have been 'hand picked' from a number of different, mostly progressive farms. The owners of these farms were asked to identify women who were exemplary employees and had made a contribution over a number of years. Women in Wines has partnered with Boland Cellars and their producers in Paarl (not the same producers asked to select leading women workers) to supply them with wine.

At the time of writing, there were 14 black-owned brands which are closely aligned to one another through the Black Vintners Association (the latter was established in 2005 by 12 black owned businesses). Although these groups cooperate and support one another and also collectively benefit from the efforts of WOSA,[27] they are nevertheless competing with one another for the same shelf space. Unless these groups build their brands on points of quality, reliability of volume and price, as opposed to being black-owned, they are unlikely to survive in an already competitive environment.

[26] These women either worked in communications, marketing, public relations, human resource management or as wine makers or assistant wine markers in the industry.

[27] Through the Soweto wine festival and the Africa lounge at the Cape Wine event organized by WOSA.

Conclusion

'Black Economic Empowerment' in the South African wine industry is characterized by serious problems. The combined focus on 'nature' for the export market and BEE for the internal transformation process allows the industry to avoid facing potentially more uncomfortable options (such as land redistribution, import boycotts, and better working conditions for grape pickers) to redress current and past race-based imbalances. An essentialist racial discourse, pivoting on an ahistorical and dislocated notion of 'blackness' thoroughly divorced from the *real* historical conditions under which poor workers of colour have been exploited, has been used to displace the transformation agenda away from challenging the impoverishment of the many to ensuring the enrichment of the few. What commitment to farm worker interests remains is couched solidly in self-amelioration discourse (education, training, combating alcoholism) rather than on farm worker organization and the ways in which the key features of the labour regime entrench exploitative power relations. At the same time, marketing and codification technologies are deployed to move the terrain of restructuring from a political realm to a managerial one – where a small cohort of black entrepreneurs can operate. This terrain is characterized by branding, advertising, image building on the one side; and by codes of conduct, a sectoral BEE charter, scorecards, and auditing on the other. In a way, these tools are allowing both the standardization and the de-racialisation of labour and social relations in the wine industry, an industry characterized by slavery and exploitation in the past, and by more or less benign paternalism in more recent history.

This subtle repackaging of ethical/equity/race concerns that takes place in the wine industry through technologies of self-governance is not unique in its kind, nor is it unique to South Africa. Private regulation is making inroads in social and environmental ambits that used to be the domain of the state. At the same time, both public and private regulation are taking shape through self-governance mechanisms that are the implementing arm of 'stakeholder' capitalism – that is through the development of codes of conduct, standards, certification/auditing, labeling, and accreditation systems (Ponte and Gibbon 2005). In this context, the possible future 'legalization' of the Wine BEE Charter will not provide extra leverage of implementation by the state – BEE will firmly remain in the realm of self-regulation. Furthermore, it will be depoliticized and 'expertized'.

Klooster (2005) and Ponte (2006) have examined how the embedding of social and environmental concerns in standards, codes of conduct, and certification schemes shifts the nature of the debate from political to technical. They also highlight how, once the shift towards technical instruments has occurred, only marginal corrections can take place. Established international 'best practices' on standardization and the development of labels and certifications have led repeatedly to a similar sequence of events in different settings and sectors (on wood products, coffee, and fish, see Klooster 2005; Ponte 2006).

This path can be understood as developing in four phases. In a *first* phase, groups that are concerned with the environment, labour conditions, social issues (and thus race relations) organize boycotts, direct actions and media campaigns against the (usually corporate) culprits of misbehaviour. In a *second* phase, these advocacy groups more often than not start to work on guidelines for 'good' behaviour (or a 'good' racial profile of a company or industry) and then facilitate the creation of an organization or stakeholder group that also includes important representatives of the culprits.

In a *third* phase, the advocacy groups aggressively promote the increasingly standardized, codified and technically complex instrument they have developed in the stakeholder forum among a larger group of culprits and indeed government. During this phase, these initiatives, which started at the grass-roots level, become more mainstream, document-intensive, managerialized, and explicitly concerned with commercial feasibility and marketing (see, among others, Taylor 2005; Giovannucci and Ponte 2005). A *fourth* phase is usually dedicated to addressing problems, unintended consequences, and excluded or marginalized groups. This is done through corrective measures that are framed within the now solidified system, rather than within the original concerns that kick-started these initiatives to begin with (Ponte 2006). Normally, this entails the creation of special flexibilities and procedures, or (more often) providing technical assistance and 'capacity building' to address equality of opportunity rather than equality of resources.

What this suggests for the South African wine industry is that if the BEE process reaches the 'fourth phase' (it is currently in between phases two and three) without addressing the underlying structural, racial and power imbalances upon which the industry is based, there will be little space left afterwards for meaningful action. In other words, once the Wine BEE Charter is agreed upon and legalized, and auditing, certification and accreditation processes start, BEE will be a 'done deal' and is likely to take a technical and apolitical character.

The discourse of BEE has displaced the debates around land reform and worker empowerment. Although land reform has not completely disappeared from the government agenda, BEE has opened up a number of new possibilities for both black entrepreneurs and white farms and businesses in the industry. Black entrepreneurs, particularly the leadership of Bawsi, favour branding as an entry point into the wine industry. White farms and businesses favour branding models and social labeling, which may also have a market advantage (particularly in sympathetic markets like the UK and in Northern Europe) and enables them to avoid redistributing land. Although BEE has potentially provided a whole new spectrum of possibility to established industry, the system of monitoring and verification proposed by government and the industry charters is technocratic and unbalanced in favour of individuals rather than workers and communities. The employment and living conditions of these black farm workers upon which the wealth of the industry was built remains insecure. Furthermore, by de-racialising ownership and control, the hegemony of BEE discourse has allowed these exploitative relationships a level of legitimacy never before achieved.

What should be made then of Black Economic Empowerment? A small group of vocal middle class South Africans, trading on little more than their own blackness and on spurious claims to represent workers, seem to have been able to appropriate the language of transformation and empowerment to pursue a political and economic agenda that marginalizes more radical economic and social options. Part of their success lies in the political conjuncture constituted by the *broader* hegemony of conservative articulations of the discourse of black political empowerment, and the fact that the wine industry still constitutes a relatively disregarded economic and political backwater, with relatively high degrees of risk and low return on investment. These conditions were ideal for the formulation of an elite pact that could be represented as legitimate in the media without much fear of contestation. The codification of BEE criteria in complex technical scorecards further removes the terms of transformation from political struggle and contestation.

The obvious venality of some of the players involved, and the self-serving way in which established industry interests and a small number of black businessmen collaborated with them in circumscribing and limiting the terms of reference for industry transformation, should not lead one to personalize the lessons (concluding that the problem lies with the personal agendas of those involved) or to see these failings as essentially about (and limited to) the discourse of black economic empowerment. To be sure, personal agendas did play a role – and the essentialist way in which race is imagined in the BEE discourse played a key mystificatory role. But the implications of the critique formulated here goes beyond BEE scorecards and conflicts of interest. Ultimately, we argue that there are profound limits to a transformation agenda in the wine sector that relies primarily negotiated scorecards, even if embedded in regulation. Any such enterprise will ultimately turn the gaze away from a consideration of the underlying power relations (between supermarkets and cellars; between cellars and farmers; between farmers and workers). The difference between one set of codes and another is surely important – there are important differences, for example, between BEE labels and the wines associated with the Ethical Trading Initiative (ETI); or between the ETI and Fair Trade. But the politics of transforming the industry should be more than a choice of social brands.

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