Case Study 12:
Ethical Trade Initiatives in the South African Wine Sector

Lead organization: North-West University

Author: Ernst Idsardi /ernst.idsardi@nwu.ac.za

Funded by the European Union

This project receives funding from the European Union's Horizon 2020 Research and Innovation Programme under Grant Agreement No 101000751.

www.sustainable-agri-trade.eu *Version 1.4*

Table of contents

List of figures

List of tables

SUMMARY

Labour conditions in the South African wine industry have been a contentious issue for decades. This directly links to SDG 8 which stipulates decent work for all. A large proportion of South Africa's wine production is exported to markets in EU. Governments, consumers, and NGOs in these markets are demanding wine that is produced in a socially responsible and ethical manner. Therefore, several ethical trade initiatives have arisen to ensure compliance with fair labour practices. This case study will assess the impact of these initiatives relevant to wine exports from South Africa to the EU.

Sections 1 and 2 of this report provide the context for the case study. The MATS project targets key leverage points to refine agricultural trade policies, enhancing positive and reducing negative impacts on environmental sustainability and human well-being. Focused on governance, trade regime design, and policy implementation at multiple levels, it emphasizes SDGs related to poverty, hunger, health, clean water, climate action, and life on land. MATS introduces tools for systemic analysis of agricultural trade, investment, sustainability, and development interactions, blending 15 case studies with an integrated modelling and public engagement framework.

The project investigates how trade regimes, investments, and sustainability standards affect socioeconomic and environmental conditions, aiming to foster positive and reduce negative impacts on sustainable development and human rights. A specific case study examines ethical trade initiatives in South Africa's wine industry, assessing their effectiveness in improving labour conditions and human rights. The study employs mixed methods and clusters with other MATS case studies for comprehensive analysis, focusing on participatory research and macroeconomic statistics.

Section 2 provides a comprehensive background on the South African wine sector. The South African wine industry, established in 1655, has evolved into the eighth largest global producer. It mainly operates in the Western Cape, with major regions including Stellenbosch, Paarl, and Breedekloof. Production reached 846 million litres in 2022, but growth has stagnated due to global oversupply, declining consumption in key markets, and rising input costs. The industry faces medium-term challenges like excess stock from COVID-19 and local spending constraints. Domestic consumption remains low at 7.4 litres per capita. South African wine production is balanced between red and white cultivars, with a significant portion sold locally.

In 2022, South Africa's agricultural sector employed 862,770 people. The wine sector, employing 85,961, is labour-intensive but under pressure due to stagnation. Income distribution is skewed, with low-skilled workers receiving 19% of total compensation. The Cape Winelands have better employment rates but still face significant poverty.

The MATS project focuses on agricultural trade, using the South African wine industry as a case study due to its significant export volume. In 2021, 43% of South African wine production was exported, showing a strong export orientation. Trends indicate bottled wine exports yield higher value, but bulk wine exports have higher volumes since 2011. South Africa's export markets expanded from 15 in 2002 to 46 in 2022, with decreasing concentration on the EU and UK. Competitiveness, measured by Revealed Comparative Advantage (RCA), shows South Africa with a moderate RCA of 4.65, indicating a medium level of specialization in wine exports.

Case Study 12 focuses on South African wine exports to the EU, highlighting a decline in both share and absolute terms. From 2008 to 2022, the export value fell by 2.6% annually, while volume grew by just 0.3%. Bulk wine exports rose from 50% to 71%, reflecting challenges in selling value-added products. South Africa's market share in EU wine imports dropped from 5.7% to 3.6%. Germany, the Netherlands, and Belgium are key markets, but South African wine has a small share. South Africa's quality margin improved since 2018, yet profitability is pressured by rising costs. Trade policies like the Economic Partnership Agreement and proposed EU regulations influence market access and competitiveness.

In 2022, South Africa exported 34 of the EU's 72 classified bottled wine products, with the top three contributing 91% of bottled wine exports. For bulk wine, South Africa exported 11 of the EU's 64 classified products, with the top three making up 89% of bulk exports. South Africa has preferential access to the EU market under the EPA, though some wine exports are subject to Tariff Rate Quotas (TRQs). Non-Tariff Measures (NTMs) also impact market access, with 94% of the EU's total imports in 2016 subject to NTMs, mainly related to labelling, inspection, and product quality requirements.

The SDGs, established by the UN in 2015, serve as a global framework for sustainable development. South Africa, an early supporter, aligns 74% of its National Development Plan targets with the SDGs. In the 2023 Sustainable Development Report, South Africa ranked 110th out of 166 countries, with an SDG Index score of 64.0. Challenges remain, with limited progress on many targets. Ethical trade initiatives in the South African wine industry link closely with SDG 8 (decent work), *SDG 10 (reduce inequalities), and SDG 12 (responsible production). The MATS project's Deliverables 2.1 and 2.4 provide an analytical framework for assessing these initiatives.*

Section 3 provides the methodological framework of the study in order to address the main objective of the case study: To assess the effectiveness of ethical trade initiatives in the South African wine sector. In support, a set of six secondary objectives are formulated.

In Section 4.1. the report focusses on the employment in agriculture and relevant local labour policies and programs. South Africa faces persistent high unemployment, with rates rising from 25% in 2012 to 34% in 2022. Rural unemployment was 52% in 2020, heavily impacting livelihoods. Agricultural workers face structural challenges, with a divide between better-skilled permanent workers and less-skilled seasonal ones. The capital-to-labour ratio has increased, indicating a shift towards mechanization. Labour productivity has decreased.

Labour relations in the wine sector are strained, with low trust between employers and employees. The International Labour Organisation's 2015 report highlights poor working conditions, low wages, and limited benefits for farm workers. Farm labour trends include casualisation, externalisation, and reliance on migrant workers. The Extension of Security of Tenure Act (ESTA) has led to unintended negative consequences, such as increased use of migrant workers and overcrowded rural towns.

Despite these challenges, some producers and workers have engaged in ethical trade initiatives and social dialogue. NGOs like Women on Farms and unions like CSAAWU advocate for workers' rights in the wine sector. However, more support is needed to improve labour relations and working conditions in agriculture.

Agricultural wages in South Africa are set through sectoral determination by the National Minimum Wage Commission, not through collective bargaining. Farm worker wages vary widely due to factors like job status and productivity. For 2023, the minimum wage is R 25.42 (€1.28) per hour, but this falls short of the estimated living wage. The Decent Standard of Living project estimates a living wage at R 6,034 (€351) per month, requiring a 48% wage increase. The Global Living Wage Coalition estimates a slightly lower living wage for 2023. Non-wage benefits like housing and food can help bridge this gap.

South Africa's labour legislation aims to regulate employer-employee relationships and ensure sound working conditions. Key policies include the Labour Relations Act, promoting worker organization and collective bargaining, and the Occupational Health and Safety Act, mandating safe work environments. The agricultural sector historically lacked such regulations until 1995. Enforcement by the Department of Employment and Labour faces challenges, including limited resources, coordination issues, and low compliance awareness. Official statistics show 44% of workers earned below minimum wages in 2007, with agriculture being a significant violator. The agricultural sector accounts for 15% of occupational injuries, despite contributing 2.6% to GDP and 5.6% to employment.

South Africa's Broad-Based Black Economic Empowerment (BEE) Act promotes economic transformation and redresses apartheid-era inequalities. The AgriBEE Sector Code facilitates black empowerment in agriculture through ownership, human resource development, and preferential procurement. It supports farmworker equity, land ownership, and skills development. The Wine Industry Transformation Unit (WITU) backs black-owned wine brands and farms, focusing on ethical practices.

Land reform policies, including the Land Reform (Labour Tenants) Act and the Extension of Security of Tenure Act, aim to secure tenure and protect farmworkers' rights. The Proactive Land Acquisition Strategy (PLAS) accelerates land redistribution, targeting historically disadvantaged individuals with potential farming success.

<u>Section 4.2</u> provides a review of both academic and popular publications on labour conditions in the South African wine sector. Many academic and popular studies have focussed on labour conditions in the south African agricultural sector and the wine sector specifically. Ethical trade initiatives in South Africa's wine industry face challenges related to power dynamics, labour market restructuring, and economic pressures. Despite potential benefits, these initiatives often struggle with compliance costs, limited impacts on socioeconomic transformation, and maintaining profitability. Significant changes include the rise of black-owned vineyards and Fairtrade certification. Ethical practices can improve working conditions and market competitiveness but need to address structural barriers. International retailers drive change, creating both opportunities and challenges. Worker equity schemes show mixed results, and sustainability governance often upholds existing inequalities.

International Civil Society Organisations (CSOs) and research institutions have highlighted significant challenges faced by South African farmworkers, including harsh working conditions, low wages, and limited union representation. Reports by

Human Rights Watch, Oxfam/BMZ, and SOMO/TCOE emphasize issues like externalization, casualization, pesticide exposure, inadequate housing, and limited freedom of association. Ethical trade initiatives, such as WIETA, face limitations and trust issues, with audits not always leading to meaningful improvements. Recommendations include better enforcement of labour laws, improved housing plans, and greater support for ethical trade practices. Supermarkets and international consumers can play a role in driving positive change.

Dutch supermarket chain Albert Heijn commissioned a Human Rights Impact Assessment (HRIA) for its South African wine supplier, uniWines. The assessment found compliance with human rights norms but identified areas for improvement, such as housing and worker representation. Wages are above the legal minimum but below a living wage. An Oxfam (2022) study revealed that 37% of surveyed migrant women on wine farms earn less than the minimum wage, facing issues like pesticide exposure, racism, and lack of contracts. German supermarkets were criticized for exploiting workers and urged to adopt human rights due diligence laws. A 2023 Finnwatch report highlighted ongoing issues in South Africa's wine industry, including inadequate wages, poor housing, and historical inequalities. Recommendations included regular audits and promoting equitable land ownership. The reports collectively depict challenging labour conditions on South African wine farms despite compliance with social standard schemes.

Collinson (2001) analysed the cost of compliance with the Ethical Trade Initiative (ETI) in the South African wine sector, finding significant variation across farms. Annual compliance costs ranged from R 32,000 (€3,232) to R 436,000 (€44,040), depending on the farm. Major costs included living wages and management time, while capital expenditure was minimal. High worker welfare improves productivity. UK supermarkets are unlikely to compensate farms for compliance costs, arguing that efficiency gains partly offset these expenses. The study suggests differentiating terms for permanent and seasonal workers to reduce costs. Overall, generalizing compliance costs is impractical due to varying conditions.

In Section 4.3, the report presents a comparison of the ethical trade initiatives in the local wine sector. Voluntary Sustainability Standards (VSS) in the South African wine sector, such as certification schemes and labelling programs, aim to address social, environmental, and economic concerns. VSS promote sustainable global value chains by setting human rights and labour condition requirements. Key interventions include market and regulatory changes, capacity building, and awareness raising. Successful VSS adoption faces barriers like limited resources, high compliance costs, and lack of *incentives. Third-party audits ensure compliance, while non-compliance can lead to de-certification. VSS can improve profit-sharing and productivity, benefiting developing countries' workers by addressing unfair wages, unsafe conditions, and gender inequality in international trade.*

The Fairtrade Foundation, established in 1992, focuses on fair trade for small-scale producers. The South African wine industry, with its large-scale producers, is an exception, adopting Fairtrade certification to improve labour practices and access premium markets. Certification involves meeting core and major criteria, with regular audits and re-certification. Fairtrade promotes fair wages, occupational health and safety, no forced labour, and environmental sustainability, fostering global economic and social development.

South Africa is a key partner for Fairtrade, with most certified producers in the wine sector. More than 80 wines bear the Fairtrade label. The certification process considers South Africa's apartheid history, addressing spatial inequality between commercial and small-scale sectors. Fairtrade's gender equity agenda ensures equal benefits for temporary and permanent workers. The certification extends to large-scale wine farms to transform the industry and align with government policies on inequality. The Fairtrade Gender Strategy, introduced in 2010, underscores gender equity, crucial for seasonal female labourers. Overall, Fairtrade aims to address political, economic, and spatial dynamics rooted in South Africa's history.

The Sustainability Initiative of South Africa (SIZA), established in 2008, promotes fair labour practices in South African agriculture. An independent non-profit since 2016, SIZA supports over 30 commodities across nine provinces through market engagement, compliance monitoring, audit oversight, digital monitoring, and capacity building. The SIZA Social Standard focuses on improving farm labour conditions based on eight principles, including no forced labour, no child labour, health and safety, and fair wages. Membership spans producers, retailers, and other stakeholders, with most members in the Western Cape. Initially for the fruit industry, SIZA now includes vegetables, livestock, and wine sectors, emphasizing ethical and environmental practices.

SIZA uses a third-party audit approach to ensure ethical labour practices in agriculture. The four-step audit program includes capacity building, self-assessment, third-party audits, and continuous improvement. Audits, conducted by eight local firms, evaluate compliance with social standards. Issues are classified as minor, major, or critical, with 55% of audits achieving "platinum" status in July-September

2023. Non-conformities mainly involve health and safety, wages, and working hours. SIZA members are categorized into risk levels, determining audit frequency. The program emphasizes ongoing improvement, transparency, and effective management structures for compliance with ethical standards, but does not issue product labels.

The Ethical Trading Initiative (ETI) launched a pilot project in South Africa's wine sector, revealing that wine farm workers prioritized higher wages and adequate housing. To address these, the Wine Industry Ethical Trade Association (WIETA) was established in 2002, adapting ETI principles to local needs. WIETA, a multi-stakeholder organization, focuses on improving labour conditions through ethical codes, audits, and training. Membership grew from 490 in 2013 to 1,380 in 2021. Despite progress in wages and safety, challenges remain in housing and living wages. Increased sustainability demands from foreign retailers that puts pressure on margins, with local producers citing compliance costs as a concern.

WIETA members undergo multi-faceted third-party social audits to ensure ethical business and labour practices. The WIETA standard applies to various agricultural activities and workers, including permanent, temporary, and migrant workers. The audit process includes risk evaluation, audit requests, preparation, on-site audits, audit outputs, and sign-off. Audits assess compliance with WIETA's thirteen principles, with issues categorized as minor, major, or critical. A WIETA Ethical Performance Risk Matrix determines audit frequency, ranging from annual to triennial audits based on risk levels. To reduce costs, WIETA offers combined audits with SIZA for members adhering to both fruit and wine industry standards.

A comparison of three prevalent ethical trade standards in the South African wine sector reveals key differences. Fairtrade International has the broadest geographical and product scope, followed by SIZA, which includes fruits. WIETA covers production, processing, and distribution activities. Fairtrade focuses 49% on social sustainability and 28% on environmental, also addressing quality. SIZA emphasizes social (53%) and environmental standards, while WIETA focuses heavily on social sustainability (78%). SIZA has the highest proportion of essential criteria (17%) and strictest mandatory compliance (100%). Fairtrade is internationally recognized, whereas SIZA and WIETA's recognition is ongoing. SIZA aligns most with the Sustainable Development Goals (SDGs).

Fairtrade International has the most comprehensive coverage for human rights, labour rights, and community development. SIZA is strong in labour rights, while

WIETA excels in human rights. None of the schemes mandate living wages, but Fairtrade sets explicit timelines. Fairtrade also offers price premiums, aiding compliance cost coverage. Fairtrade and WIETA use consumer labels. All schemes publish standards, but only SIZA publicly shares audit statistics. Fairtrade has the lowest sector adoption (3% of cellars), WIETA the highest (28% of cellars, 43% of grape producers).

Fairtrade International, being an international standard, makes no reference to any of the relevant South African legislation. On the other hand, the local standards intrinsically have a stronger linkage with local legislation. The WIETA standard has the broadest set of references to both local policies as well as to international conventions.

<u>Section 4.4</u> discusses the outcomes of the interviews with key informants from WIETA and SIZA to gain more insights on social standards. Many South African farms use sustainability standards to diversify products, and compliance is essential for export markets, particularly in Europe and North America. Challenges include lack of work permits, competition with local workers, and inadequate statistics. Compliance is ensured through self-assessments and third-party audits, with a focus on primary production. SIZA publishes quarterly reports on compliance. Some of the trends and challenges raised included: increasing demand for ethical sourcing, emerging ethical issues, verification of migrant worker documentation, audit fraud risks, compliance costs, and lack of consumer awareness of the WIETA label.

In <u>Section 4.5</u> the results of the validation survey are discussed. The objective of this survey is to confirm, and elaborate on, the findings of this and previous studies by industry stakeholders. The first part of the survey focused on the industry context. The survey reveals that retailers are seen as the most powerful actors in the South African wine export value chain, influencing product standards. Social standard schemes have improved relationships and compliance within the value chain, but there are concerns about disconnects between external stakeholders and local workforce challenges. The wine sector faces profitability pressures due to stagnant production, rising costs, and low EU market prices. Export patterns have shifted, with increasing sales to Africa and the USA. Compliance with Non-Tariff Measures is challenging, and labour conditions have improved over 20 years. Respondents see social standards and audits as vital for compliance and credibility.

The second part of the survey looks at the policy context. South Africa's labour-employer relationships in the wine sector are generally rated as "good," though not *"very good." Social standards improve relationships on export farms, but issues persist on non-accredited farms. Trade unions influence labour relations, often negatively due to mistrust and ideological activism. "Externalisation," hiring workers via brokers, has the most impact on labour management. The viability of a living wage is contentious, with challenges like regional cost differences and farm budget constraints. Compliance with social standards is seen as similar to local labour policies. Social standards and local development policies like BEE are largely unaligned according to the survey respondents.*

The third part of the survey seeks to confirm some of the findings from relevant academic and popular publications. Respondents largely agree that low profitability in the South African wine sector is significant, highlighting structural changes. Social standards are essential for EU market access, but high compliance costs do not improve market share or profitability, burdening primary producers. Contentious topics include Fairtrade certification for commercial farms and the impact of North-versus South-driven sustainability standards. Statements made in popular publications show more disagreement, particularly on social audits and auditor mistrust. Most respondents agree EU supermarkets should compensate farms for compliance and that labour brokers create tensions between local and migrant workers. Overall, social standards improve relationships but face implementation challenges.

The last part of the survey focusses on the social standards schemes. Respondents generally believe that labour conditions are better on certified farms than non-certified ones. While 43% feel social standards have evolved over 20 years, 36% think they have stayed the same. Most respondents agree that multiple certification schemes have overlapping requirements, causing confusion and cost burdens. Harmonisation and mutual recognition are seen as solutions. Social standards have notably improved occupational health and safety, child labour, and working hours but have mixed impacts on wages, housing, and collective bargaining. Persistent labour issues include housing, wages, trade unions, and alcohol/drug abuse, with community development initiatives aiming to address these problems.

Respondents believe the transparency of social standards schemes is limited due to the lack of publicly available compliance data. Compliance with social standards impacts profitability variably; efficient labour practices improve profits, but compliance costs can be a burden. Fairtrade's price premiums help offset these costs. Financial incentives and increased export markets are seen as crucial for the success of these schemes. Regular audits maintain compliance, and high success rates are *attributed to socially progressive farms. Permanent workers benefit more from social standards than seasonal workers, and female workers face material wealth disparities but better social well-being.*

Research indicates that compliance with social standards on South African wine farms is the highest for requirements linked to local legislation. Compliance costs are a significant concern; most respondents believe overseas retailers (71%) and local government (64%) should help cover these costs. Awareness of social standards among export market consumers is limited. While 43% of respondents find labelling important for success, others believe basic compliance suffices without labels. Comments reflect mixed views on cost-sharing and the importance of consumer awareness.

Section 4.6 presents the impact pathways identified in the case study by making use of a Causal loop Diagram (CLD). The "Social Standard Scheme" element has the most connections in the CLD network, with high "outdegree" indicating significant impact on the system. Key elements with high "outdegree" include "SA Wine Production" and "Retailer," affecting numerous pathways. Elements with high "indegree," such as "SA Wine Production" and "Farm Workers," are significantly impacted by other factors. Some elements serve as both "cause" and "subject."

Section 5 presents some of the main findings and recommendations of the case study. The recommendations include: Enhance the local labour inspectorate to better enforce on-farm compliance with local labour laws and ensure better alignment between local labour policies and global practices and standards. Promote human rights due diligence, conduct regular audits, disclose supplier information, support land redistribution efforts, and promote the participation and empowerment of black workers in the wine industry. Increase transparency, improve wages and working conditions, provide financial incentives (e.g., price floors, price premiums, audit cost compensation), and create awareness of social standards among wine consumers. Address concerns about the lack of transparency in social standards schemes by making compliance data and audit results publicly available. This will improve trust and accountability in the industry. Focus on improving housing, wages, trade union participation, and tackling alcohol/drug abuse. Strengthen social standards and labour legislation to ensure better conditions for all workers, especially on non-certified farms. Implement measures to alleviate profitability pressures caused by compliance costs and retailer price pressures. Encourage collaborative efforts among value chain actors to improve cooperation and balance power dynamics, ensuring fairer treatment of wine grape farmers.

1. INTRODUCTION

The MATS project aims to identify key leverage points for changes in agricultural trade policy that foster the positive and reduce the negative impacts of trade on environmental sustainability and human well-being.

Focus is on improving the governance, design and implementation of trade regimes and policies at private sector, national, EU, African and global levels. Particular attention is paid to SDG1 'No Poverty', SDG2 'Zero Hunger' and SDG3 'Good Health and Well-being', as well as SDG6 'Clean Water', SDG13 'Climate Action' and SDG15 'Life on Land'. MATS develops and pilots new tools for a systemic analysis, and assessment, of the interactions between agricultural trade, investments, sustainability and development.

The main strength of MATS is the novel blending of 15 in-depth case studies with an integrated modelling, assessment, and simulation framework as well as a carefully designed public engagement process. The blending is planned in a way that will provide insights into the linkages between real-life impacts and actual trade regimes and governance arrangements.

The two key questions for the 15 case studies (CS) in MATS are (i) how given trade regimes, investments into agri-food value chains and sustainability standards impact local, and, in some cases, national, and international socioeconomic and environmental conditions, and (ii) how to foster the positive and reduce the negative impacts of agri-food trade and trade policy regimes on sustainable development and human rights.

This conceptual framework will focus on one of these case studies, namely case study 12: Ethical Trade Initiatives in the South African Wine Industry. The main aim of this case study is to assess the effectiveness of these initiatives in improving labour conditions and human rights. A brief overview of all 15 case studies can be found on the MATS project website[1].

Some of the other MATS case studies (3, 5, 14) will feed into system dynamics modelling or will focus on labour cost and environmental legislation (CS 10, 11, 13).

[1] See: https://sustainable-agri-trade.eu/case-studies-overview/

This case study will apply a mixed methods approach using both primary qualitative. and secondary quantitative data. To ensure cross comparability and consistency this case study is clustered with other MATS case studies as follows:

- Participatory qualitative research approaches including semi-structured key informant interviews, online and household surveys, and focus group discussions (#1, #2, #4, #6, #8, #9, #11, #12, #15)
- Analysis of publicly available macro-economic statistics, current legislations, existing studies, and triangulation (#2, #6, #7, #8, #12, #15)

None of the other case studies specifically focuses on wine but case studies 3, 7, 13 (dairy), 8 (ethanol), 10 and 14 (beef) also focus on a value-added agricultural product. Hence, there are six other case studies with a national production focus. None of the other case studies focusses specifically on South Africa but 12 of the 15 case studies have a geographical scope that includes Africa.

The following background section will provide the contextual framework for the case study in terms of an overview of the South African wine industry and its trade relations with the EU. It further presents an overview of the ethical trade initiatives in the local wine industry, a summary of previous research on the topic and concludes with linking the case study with the SDG's.

Section three will discuss the objectives and analytical approach of this case study. The results of the case study are presented in Section four and Section five presents the key conclusions and policy recommendations.

2. BACKGROUND

2.1 Wine production in South Africa

The first wine grape orchards were introduced to South Africa in 1655 after the Dutch East India Company established a replenishment station in the Wynberg near present Cape Town (Estreicher, 2014). These were mostly white wine varieties imported from Germany and France. In 1659 the first batch of wine (15 litres) was produced in the Cape colony. Over time the industry has emerged from a regulated market environment into one of the most competitive sub-sectors in South Africa agriculture.

Against the background of low government support[2] the sector has increased production and found many new export markets.

By 2022, the South African wine industry has developed into being the eight largest wine producer globally, producing about four percent of global supply (OIV, 2023). The country ranks just after Argentina and before Germany. It belongs to the so-called "New World" wine producers which includes the USA, Chile, Argentina, Australia, and New Zealand.

The structure of the South African wine sector is depicted in Figure A1 in Appendix 1. It depicts the different actors[3] and flows of products, inputs, and services in the export value chain. It is evident that there are four different types of channels through which wine production takes place which differ in their level of channel integration. On one hand there are the grape growers who are member of a cooperative cellar and on the other hand the fully integrated private wine cellars that have incorporated production, processing, marketing, and exporting activities.

South Africa had 89 384 ha of vineyards in 2022 and counted 2 487 primary wine grape producers (FTI Consulting, 2024) of which about 71 percent produce less than 500 tons. The local wine industry further consists of 536 wine cellars and 1 147 bulk wine buyers (SAWIS, 2022). Most wine farms are located in the Western-Cape Province which encompasses about 97 percent of the total grape vineyards in South Africa. The predominant production regions include Stellenbosch, Paarl and the Breedekloof. Combined these regions contribute 47 percent to the total production area (SAWIS, 2022). The relatively low price of South African vineyards is attracting international buyers. About 130 wine farms (approximately 25%) are owned by people from 26 countries, including Germany, the UK, Russia, France, Switzerland, China, Argentina, India and Malaysia (WoSA, 2023).

Figure 1 shows the trend in South Africa's wine production for the period from 2008 to 2022. Wine constitutes about 80 percent of the total wine crop production, the remainder of production consists of brandy, grape juice, and other distilled products.

---

[2] The agriculture share in total government expenditure was 1.4 percent in 2021 (FAOSTAT, 2024). This falls far below the 10 percent objective of the Comprehensive African Agriculture Development Programme (CAADP). In terms of support to agricultural producers, measured by the OECD's Producer Support Estimate (PSE), South Africa ranked 19th out of 24 OECD and non-OECD countries included in the analysis in 2022 (OECD, 2023).

[3] Actor: a participant in a process.

It is evident from the figure that wine production showed a slow growth until 2015 and after that a more or less sideways trend. The average annual growth in production over the depicted period was 0.9 percent and total production reached 846 million litres in 2022. Concurrently, the area under wine grape production has been slowly decreasing over the years implying increased productivity of the sector.

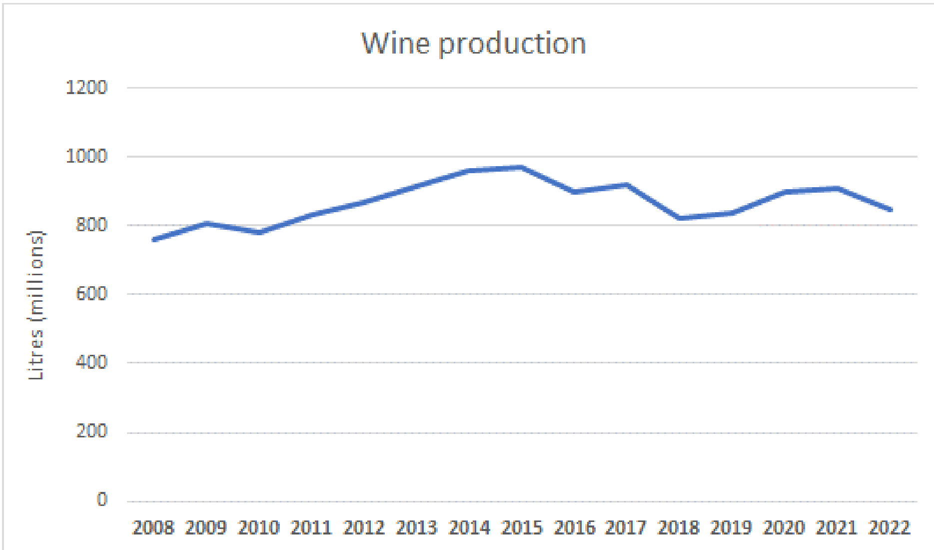


Figure 1: Trend in South Africa's wine production (2008-2022)

Source: SAWIS (2023)

This relative stagnation in growth of the South African wine sector can be attributed to amongst others (BFAP, 2022):

- A global oversupply of wine.
- The downward trend of wine consumption in its main export markets (UK, EU).
- Higher input prices (e.g., for energy, fertilisers, packaging) and lower wine prices have resulted in a decrease in the profitability of wine production.
- Fewer plantings of new vines as these require significant long-term capital commitments which are under pressure due to the lower profitability.
- Most of the vines are relatively old and thus less productive.
- Surging international freight rates has a significant impact as the sector is highly export orientated.

Some of the more medium-term pressures on local wine production includes excess local stock as a result of the Covid pandemic as well as pressure on consumer spending locally. FTI Consulting (2024) estimated that based on production cost only

12 percent of wine farmers earned more than the suggested minimum sustainable net farm income in 2022.

In terms of wine varieties, South African production is relatively balanced between red and wine grape cultivars. In 2021 white cultivars made up 55 percent of the area planted (SAWIS, 2022). The dominant cultivars are Chenin Blanc, Colombard and Sauvignon Blanc. Cabernet Sauvignon, Shiraz and Pinotage are the most important red cultivars planted.

The domestic market is an important outlet for local wine production. In 2021, 48 percent of the total volume of still wine was sold on the local market (SAWIS, 2022). Furthermore, although smaller in production volumes, fortified and sparkling wines are largely supplied to the domestic market. Wine consumption in South Africa is however relatively low with 7.4 litre per capita per year (SAWIS, 2022). This is for instance almost four times lower than wine consumption in Germany (the largest import market for wine in the EU; see Section 2.4).

2.2 Employment and socio-economic conditions

In 2022, 862 770 people were employed in South Africa’s agricultural sector (StatsSA, 2023). This amounts to about 5.6 percent of national employment. A study by FTI Consulting (2024) estimated that wine grape farming employed 49 276 people in 2022. A further 36 685 people are estimated to be working in wine processing. Hence, combined the primary and secondary wine sector employ 85 961 people.

The composition of this workforce in terms of skill level is shown in Figure 2. It is evident that most of the employment in the sector thus consists of low and unskilled work. FTI Consulting (2024) has also estimated that for each R 1 million (€ 49 258[4]) of wine output produced a total of 7.51 jobs are supported. This is higher than the national average output-employment ratio of 6.58 jobs. Therefore, the wine sector can be characterised as relative labour-intensive. Linked to the stagnating growth of the sector, as discussed in the previous section, employment is under pressure though.

[4] For illustration purpose. Based on the average exchange rate for Aug – Oct 2023.

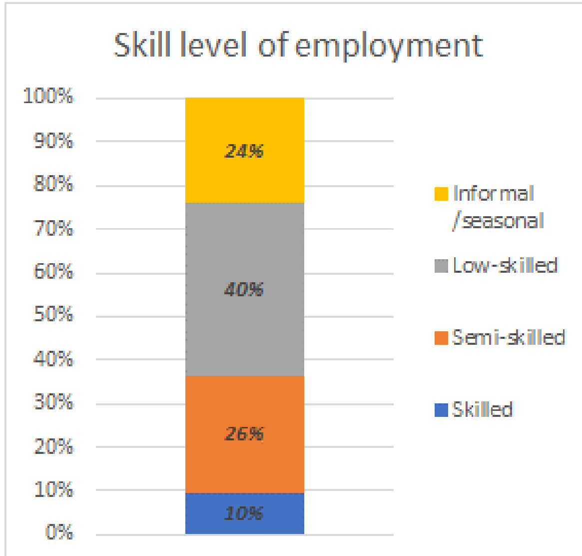


FIGURE 2: SKILL COMPOSITION OF EMPLOYMENT IN THE SOUTH AFRICAN WINE INDUSTRY (2019)
Source: FTI Consulting (2021)

As is evident, the wine sector is an important contributor to rural employment and incomes in South Africa. In terms of the distribution of total compensation for employees in the local wine sector, 81 percent was paid to skilled/highly and skilled labourers in 2022 (FT Consulting, 2024). Taking Figure 2 into consideration, it implies that 64 percent (informal / low-skilled labour) of the total workforce received only 19 percent of the total employee compensation. This is a relative skewed income distribution.

Looking further at diversity of the work force in the wine sector, the labour income by race for 2022 shows that 67 percent of total compensation is paid to black employees, followed by white employees (16 percent) and coloured employees (12 percent). From a gender perspective, 40 percent of the total compensation of employees in 2022 was paid to female workers (FT Consulting, 2024).

An important proportion of employment in the wine sector comprises of farm work. According to the sector model of BFAP (2012) the wine sector employs the fifth largest number of workers in the agricultural sector after citrus, sugar cane, table grapes, tomatoes, and potatoes. Seasonal labour during the harvest season contributes about 20 percent to total farm employment in the wine sector (BFAP, 2012). Hence, most employment on wine farms is on a permanent basis.

The latest Agricultural Census (DALRRD, 2018) provides more insights into the gender composition of farm workers. Data of the Cape Winelands District Municipality, the most predominant wine producing region in the country[5], shows that of the permanently employed farmworkers a small majority (61 percent) is male. Seasonal (part-time) farm employment in the area is however dominated by female workers (54 percent of total workers). The position of female farm workers in the wine industry is further discussed in Section 4.1.3.

The socio-economic conditions in the Cape Winelands are significantly better compared to the national situation. The unemployment rate in 2022 was 15.6 percent compared to 33.7 percent at national level (ReX, 2024). The unemployment rate in the Cape Winelands showed a steady decrease up to 2019 (9.2 percent) after which it experienced a steep increase. Despite the relative higher levels of employment, still 21 percent of the population in the Cape Winelands lived below the food poverty line[6] in 2022. This level of poverty is somewhat lower than at national level though. It is however cumbersome, that poverty in the Cape Winelands has been ever on the increase since 2011, with a slight downward trend in 2021 and 2022. To mitigate these high levels of poverty, the South African government provides social grants to 30 percent of the population[7] (DSD, 2023).

2.3 Wine exports

The focus of the MATS project is on agricultural trade and the rationale for selecting the South African wine industry as a case study is underpinned by the fact that more than half of its production volume is exported. Therefore, this section provides an overview and analysis of South Africa's wine exports with a special emphasis on its linkage with the EU market[8].

---

[5] The Cape Winelands DM is responsible for 68 percent of South Africa's total wine production (DALRRD, 2018)

[6] The food poverty line is the level of consumption below which individuals are unable to purchase sufficient food to provide them with an adequate diet.

[7] Based on latest data available: 2018

[8] Deliverable 1.2 examines the trends in global wine rade, amongst other products that form the scope of the MATS project.

2.3.1 Trends

As discussed, South Africa is the eight-largest global producer of wine. In 2021 almost 43 percent of its total wine production was exported (SAWIS, 2022). Hence, the sector is very export orientated. Figure 3 shows the trend in exports of both bottled/packaged and bulk wine[9]. The latter is exported in large containers and bottled, labelled, and occasionally blended in the destination market.

The left pane of Figure 3 shows the trend in export value since 2008. It is evident that bottled wine contributes to most to foreign currency earned from wine exports. In 2022, bottled wine exports wine was 2.3 times higher than bulk wine exports in terms of value. The trend of export value of bottled wine shows a slight decline over the depicted period with an average annual decline of 0.8 percent. On the other hand, the export value of bulk wine showed a modest increase

The right pane of the figure shows a different picture. In terms of volumes, bulk wine exports have surpassed the exports of bottled wine since 2011. This patterns of lower values and higher volumes underpins the lower prices fetched for bulk wine on the international market. SAWIS (2022) data shows that most of South Africa's white wine varieties are exported in bulk as where for most red varieties bulk exports comprise about half of the export flows.

As the figure shows, the export volumes of bulk wine have been more volatile than those for bottled wine though. The average annual growth in export volumes for bottled and bulk wine over the depicted period was 0.5 and 2.8 percent respectively.

[9] South Africa's wine exports also include sparkling wine and grape must. However, these contributed only 1 and 0.1 percent to the country's total wine exports in 2022 respectively. Therefore, they were omitted from the graph and the further analysis.

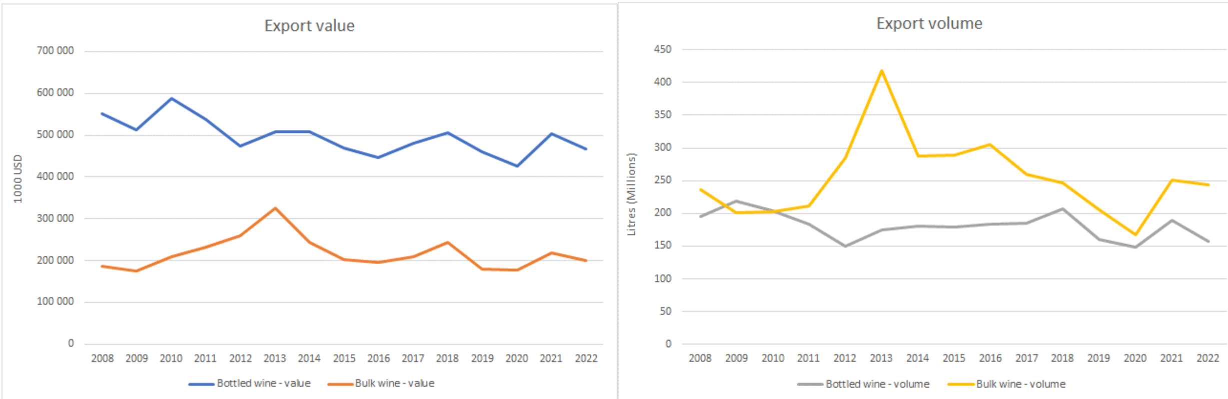


FIGURE 3: TRENDS IN SOUTH AFRICA'S WINE EXPORTS (2008-2022)
Source: Authors' own calculations based on data from UN Comtrade (2023)

2.3.2 Markets

In terms of exports, South Africa ranked 12th for bottled wine and 8th for bulk wine globally in 2021. The country's wine has found its way to a myriad of markets across the globe. Over the last thirty years South Africa grew its export markets for wine from 15 markets in 2002 to 46 markets by 2022[10]. A broad overview of the shifts in export markets over the last 14 years is depicted in Figure 4. The figure compares the shares of different regions in South Africa's wine exports for both 2008 and 2022. The UK was included as well as it is the single most important export market.

It is evident from the figure that exports have become less concentrated between 2008 and 2022. In 2008 exports to the EU and the UK accounted for 74 percent but by 2022 this share has declined to 52 percent. The Figure shows furthermore that Sub-Saharan Africa has gained a prominent place as destination for South African wine. To a lesser extend this has also been the case for North-America.

[10] This includes only export flows of 10 000 USD and more.

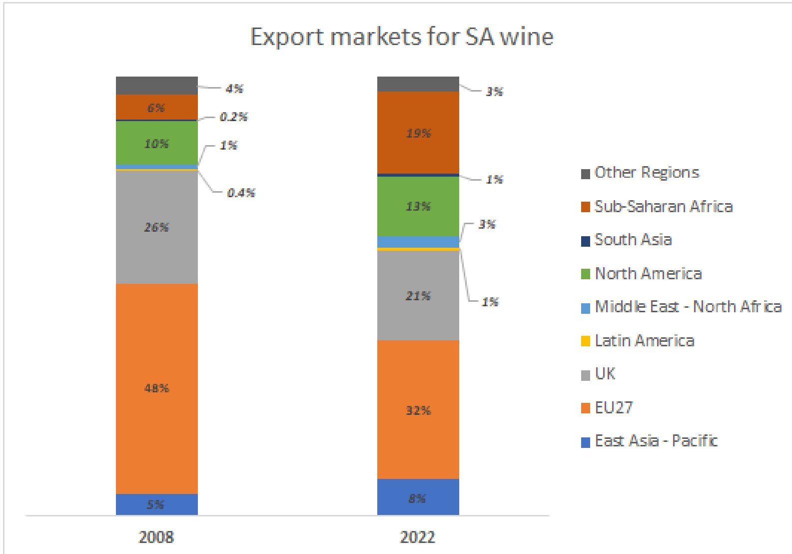


FIGURE 4: EXPORT MARKETS FOR SOUTH AFRICA'S WINE (2008 / 2022)
Source: Authors' own calculations based on data from UN Comtrade (2023)

2.3.3 Competitiveness

The level of competitiveness of the South African wine sector is underpinned by local factor conditions, infrastructure, governance as well as the level of supply chain development, capabilities, knowledge, and innovation. A widely used indicator to measure the level of competitiveness is the index of Revealed Comparative Advantage (RCA)[11]. This index was developed by Balassa (1964) and measures a country's level of specialisation in the exports of a specific product. An RCA index of close to 0 indicates that a country either does not export (RCA = 0) or has a relative low level of export specialisation in a product. However, an RCA index equal or greater than 1 indicates that a country is relatively specialised in exporting a product.

Figure 5 shows the RCA index for South African wine compared to the two main wine exporters in the Northern Hemisphere and the two main wine exporters from the Southern Hemisphere for the period 2012 to 2022. The figure shows that all countries had a Revealed Comparative Advantage in wine production and exports (RCA >1) in

[11] $RCA_{ij} = (X_{ij}/\sum_{t,t\neq j} X_{it})/(\sum_{n,n\neq i} X_{nj}/\sum_{n,n\neq i}\sum_{t,t\neq j} X_{nt})$ Where *X represents* exports, *i* is a country, *j is* a product, *t* is a year, and *n* represents all countries. See: Liesner (1958) and Balassa (1965).

this period. The highest index was recorded for Chile and the lowest for South Africa. With an average RCA of 4.65 over the depicted period, South Africa has a medium level of specialisation in wine. The figure also reveals that, apart from France, these main wine exporters show a slowly declining trend in their level of specialisation in wine. This decline was the most significant for Australia followed by South Africa.

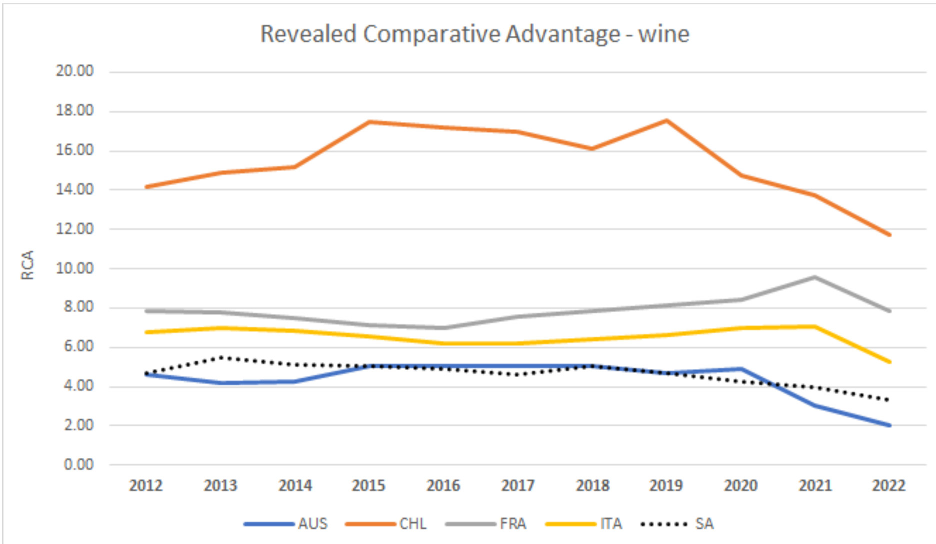


FIGURE 5: TREND IN WINE COMPETITIVENESS OF SELECTED COUNTRIES (2008-2022)
Source: Authors' own calculations based on data from UN Comtrade (2023)

2.4 Wine exports to the EU

2.4.1 Trends

The focus of Case Study 12 is on wine exports to the EU. The previous section showed that, although declining in share, the EU is still an important market bloc for South African wine. Apart from a declining proportion in South Africa's wine exports to the EU have also been on the decrease in absolute terms. This is illustrated in Figure 6 which shows the trend in exports to the EU from 2008 to 2022 both in value and volume. The average annual decline in exported value was 2.6 percent over the depicted period as where the average annual growth in volume terms was only 0.3 percent.

The figure shows that the export value recorded a relatively constant decline with a few upticks in 2013, 2018 and 2021. The export volumes showed a more sideways trend until 2018 after which it declined. The exports of bottled wine also lost ground in the EU market. In value terms the exports of bulk wine increased from 26 percent in 2008 to 36 percent by 2022. A difference of 11 percent. In terms of export volumes this shift was much more predominant, as in 2008 50 percent of all South Africa's wine exports to the EU was in bulk this proportion increased to 71 percent by 2022. This export trend is a clear reflection of South Africa's growing challenge to sell value added wine products in the EU market.

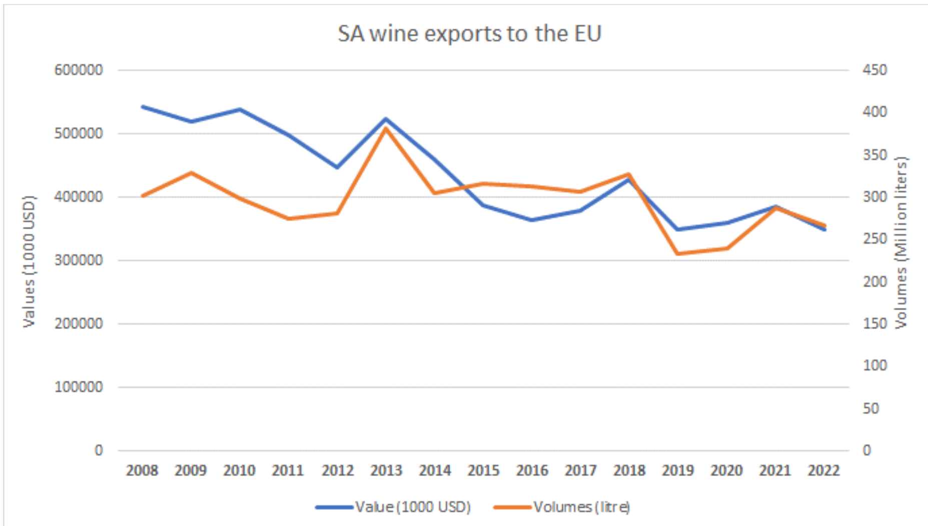


Figure 6: Trend in South Africa's wine exports to the EU (2008-2022)
Source: Authors' own calculations based on data from UN Comtrade (2023)

The total imports of wine by the EU also showed a declining trend over the period from 2008 to 2022, with an average annual decline of -1.7 percent. Thus, South Africa is losing in a declining market. This is further evident from its market share in EU's total wine imports. In 2008 it had a share of 5.7 percent which dropped to 3.6 percent by 2022.

It must be noted here that several EU members are significant global wine producers themselves. Italy, France, and Spain are three largest global wine producers which combined account for 47 percent of global production (IOV, 2023). However, the EU wine sector is very globalised as 42 percent of EU's wine production is exported. Furthermore, 34 percent of the total wine supply in the EU market is imported (own calculations based on FAOSTAT, 2023).

Figure 7 takes a deeper look at the wine imports of the 27 EU members as well as South Africa's position therein. The Figure shows that Germany is by far the largest importer of wine followed at a distance by the Netherlands and Belgium. These three markets combined absorb more than half of the wine imported into the EU.

All of the 24 member countries import wine from South Africa; however, its market share is relatively small in most countries. In the top three markets (Germany, the Netherlands and Belgium) South African wine has an import market share of 3.4, 4.0 and 1.5 percent respectively. France, Italy, and Spain are the largest competitors in these three markets. The main competitors from the "new world" wine producers in these markets are the USA and Australia.

Within the EU, South Africa has the strongest position in the Swedish and Finnish markets with a share in their total wine imports of 6.0 and 4.2 percent respectively. The largest competitors in these two markets are Italy, Chile, and France.

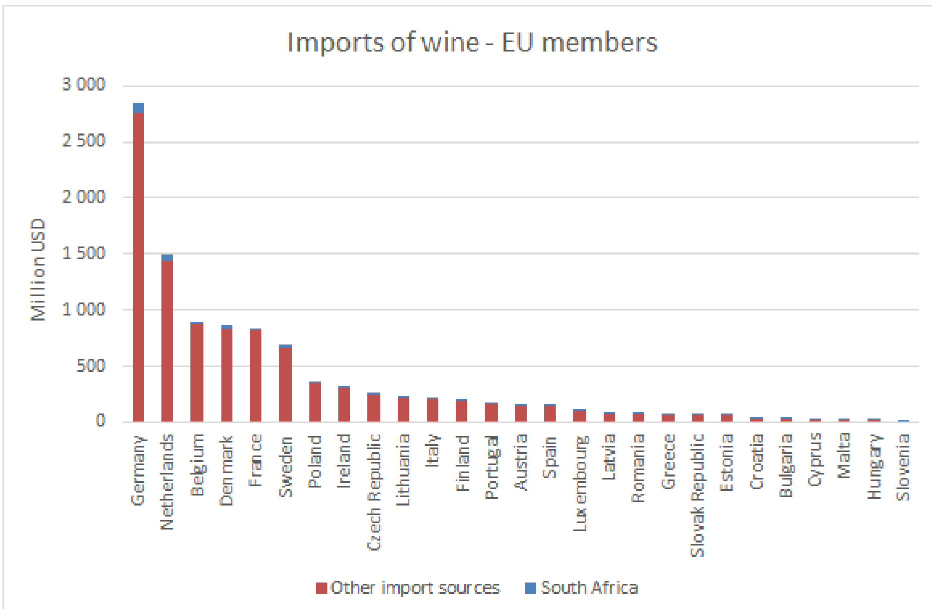


FIGURE 7: WINE IMPORTS BY EU MEMBER COUNTRIES (2021)
Source: Authors' own calculations based on data from UN Comtrade (2023)

South Africa's exports to the two most important markets in the EU, Germany, and the Netherlands, consisted for 52 and 57 percent of white wine in 2021 (author's own calculations based on SAWIS, 2022). About a third of exports consisted of red wine and the remaining proportion of rosé. As mentioned, within the EU, South Africa as the relative strongest position in Sweden and Finland. Exports to these two markets consisted for 68 and 67 percent of white wine respectively. Red wine comprised 27 and 24 percent of exports to these two countries in 2021.

2.4.2 Quality margin on the EU market

Wine prices can be a good proxy for perceived quality. The so-called quality margin of exports can be measured by calculating and comparing unit values in the importing market (see Reis and Farole, 2012). This done by dividing the import value by the import volume. Higher unit values are associated with better quality and product differentiation.

Figure 8 shows the quality margin of bottled wine exports on the EU market by the top 11 suppliers[12] proxied by the respective unit values.

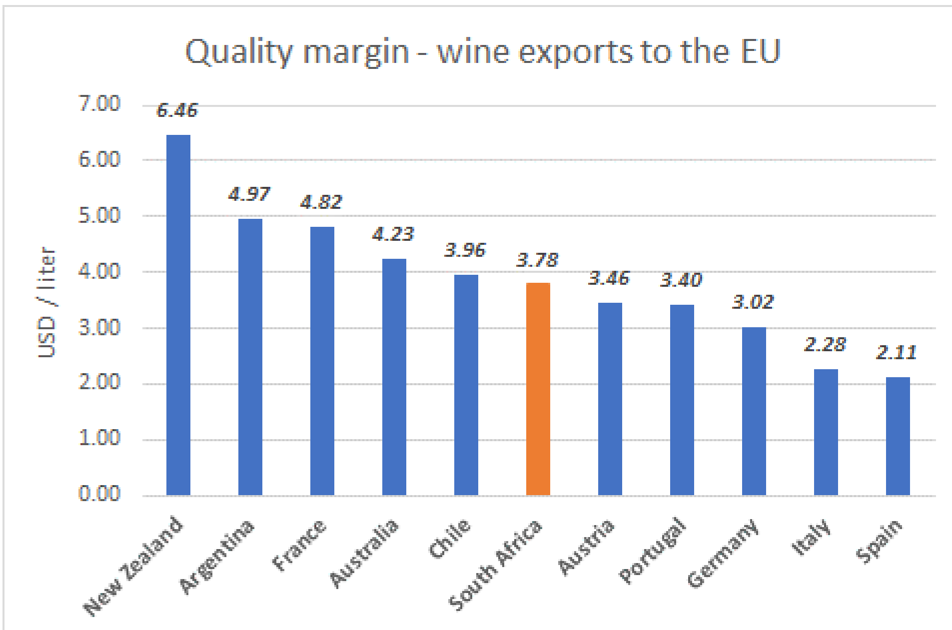


FIGURE 8: QUALITY MARGIN OF WINE EXPORT IN THE EU MARKET (2022)
Source: Authors' own calculations based on data from UN Comtrade (2023)

The figure reveals that the highest level of quality was recorded for wine from New Zealand and the lowest level of quality was recorded for wine from Spain. Amongst the main suppliers, South Africa ranks sixth in terms of the quality margin of its wine; lower than its "new world" counterparts. This is in line with the marketing strategy of South African wine as "good value for money". However, the scope for upgrading

[12] Data for wine import volumes from the USA was not available for 2022.

(i.e., increasing its quality margin) is there but it may pose to be challenging to change this existing value proposition in the EU market.

The trend in South Africa's quality margin for its wine exports in the EU market is shown in Figure 9. It is evident that after a decline the quality margin is on a growing tractor since 2018.

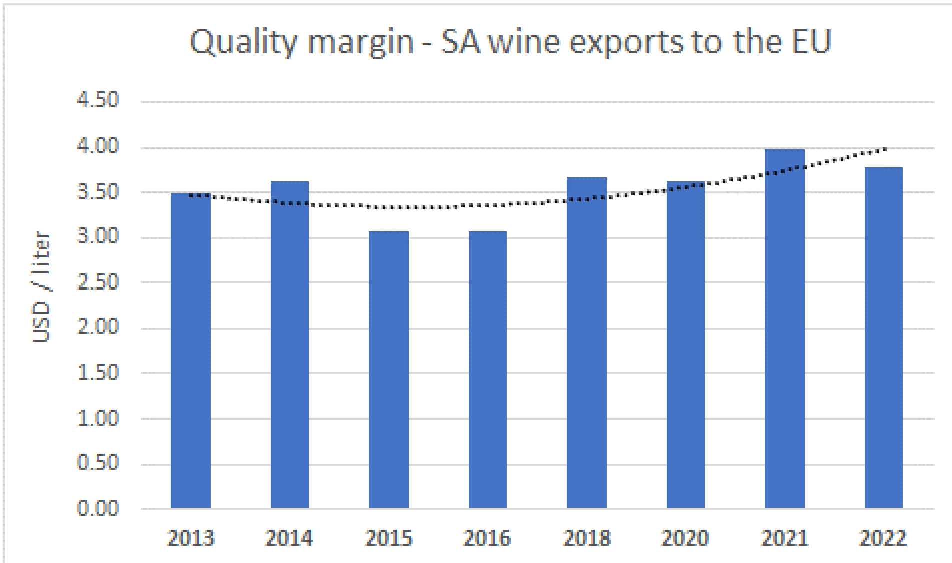


FIGURE 9: TREND IN SOUTH AFRICA'S QUALITY MARGIN OF WINE EXPORT IN THE EU MARKET (2013-2022)

Note: volume data for 2017 and 2019 was not available.

Source: Authors' own calculations based on data from UN Comtrade (2023)

Despite this increasing quality margin on the EU market and most wine varieties retrieving higher export prices in 2022 (SAWIS, 2023), the profitability of the South African wine sector is under pressure. Data from Vinpro (SAWIS, 2022) shows that since 2015 the growth in production cost has outweighed the increase in the producer price. This has also put pressure on wages and employment in the sector.

2.4.3 Trade policy

Market access is also an important determinant of the level of competitiveness of the South African wine industry in the EU market. The trade relationship between South Africa and the EU is governed by the Economic Partnership Agreement (EPA). This agreement came into effect in 2016 and replaced the Trade and Development Cooperation Agreement (TDCA). South Africa concluded the EPA in conjunction with other members of the Southern African Development Community (SADC), namely: Botswana, Lesotho, Namibia, Swaziland, and Mozambique (Tralac, 2017).

The EPAs are designed as a response to globalisation and the need for development and tries to link trade and development with the establishment of competitive regional markets. Apart from concessions on import duties, it includes many "new generation" trade issues such as market standards, trade in services, customs cooperation, property rights, and investment and competition policy (EC,2023).

Deliverable T1.3 of the MATS project revealed that the SADC-EPA has a moderately strong linkage with the selected Sustainable Development Goals (SDG). The strongest linkage was found to be with SDG 8 – decent work and economic growth. The former is one of the focal points of this case study. With regards to labour conditions and standards, Article 8 of the trade agreement reaffirms the commitments of both parties towards the ratified conventions of the International Labour Organisation (ILO). Furthermore, in Article 9 it is recognised that each party can establish its own level of labour protection in line with international standards. Article 11 stipulates cooperation in the field of national labour policies and the ILO Decent Work Agenda.

Besides this trade agreement, other (future) EU policies may also impact on the trade relationship between the EU and South Africa. For instance, the Carbon Border Adjustment Mechanism (CBAM)[13] aims to ensure environmental sustainability by putting a price on the carbon emitted during the production of goods that are imported into the EU market. It is aimed at carbon-intensive industries so the impact on the South African wine sector is likely to be relatively low.

The EU has also proposed to implement the Corporate Sustainability Due Diligence Directive (CSDD) which also covers requirements regarding social sustainability (EC, 2024). This directive will also apply to companies exporting to the EU. This implies that the South African wine farms may face more due diligence requirements with regards to environmental and human rights standards when doing business with the EU. Furthermore, they will have to integrate due diligence in their policies and risk management systems. Companies may also be held liable for damages if they fail to

[13] A MATS-project discussion paper on CBAM is available on the project website: https://sustainable-agri-trade.eu/publications/

comply with CSDD. The directive is, however, still in the proposal stage so it may undergo significant changes before it is put into law.

2.4.4 Market access

The EU has classified 72 bottled wine products under the 8-digit level of the Harmonised System (HS). These are further disaggregated in a total of 164 tariff for further specification based on designation of origin, geographical indicators, alcohol percentage and wine variety. Of the 72 different bottled wine products, South Africa exported 34 to the EU in 2022. However, the top three of these products contributed 91 percent to bottled wine exports in that year.

For bulk wine, which make up the predominant share of South Africa’s wine exports to the EU, the union has 64 different products specified at the eight-digit level of the HS. Like bottled wine, these are also further disaggregated in 91 tariff lines per further specification. Of the 64 different bottled wine products, South Africa exported 11 to the EU in 2022. However, the top three of these products contributed 89 percent to bulk wine exports in that year.

A summary of the tariff structure for South African wine in the EU market is shown in Table 1. A distinction is made between bottled and bulk wine. As shown, there are a vast number of tariff lines applicable to wine imports. The Most Favoured Nation (MFN) duty in the fourth columns indicates the “regular” tariff paid for wine imported into the EU market. However, under the EPA South Africa has preferential access to the EU market for its wine. Some wine products are free from import duties but most face a Tariff Rate Quota (TRQ). South Africa has preferential access for a total of 44 bottled and 52 bulk wine products. The tariff lines that are not covered by the EPA are not relevant for South Africa as they pertain to wine products from specific origins (i.e., protected quality schemes and geographical indication).

TABLE 1: MARKET ACCESS FOR SOUTH AFRICAN WINE IN THE EU MARKET

HS code	Product	EU tariff lines	MFN duties	Preferential tariffs for SA		
				Duty free	TRQ	Total
220421	Bottled wine	164	9.9 to 32 EUR/100 l	11	33	44
220429	Bulk wine	91	9.9 to 32 EUR/100 l	25	27	52

Source: Author’s own calculation based on data from ITC (2023)

As is evident from Table 1, some of South Africa’s wine exports is subject to a Tariff Rate Quota (TRQ). This entails that a specified amount of wine can enter the EU at a preferential rate, in this case duty free, and that the amount exported outside of this quota the is subject to the regular MFN duty (see Table 1). Table 2 provides an overview of the two TRQ's for imports of South African wine into the EU. Each quota is applicable to a specific set of wine products. The estimation of EU imports under each TRQ for 2022 shows that South Africa has fully used the first TRQ but not the second quota (see columns 5 and 6). This implies that for a large proportion of wine exports (the out-of-quota quantity), South Africa faced the higher MFN tariff. This puts pressure on the profitability and the competitiveness of South African wine in the EU market.

TABLE 2: TARIFF RATE QUOTA'S FOR SOUTH AFRICAN WINE IN THE EU MARKET

TRQ	Annual quota (litres)	Number of tariff lines covered	Inside-quota Tariff	Estimated EU imports from SA (2022)	Quota usage (2022)
1	35 223 900	69	0%	132 748 727	377%
2	82 189 100	27		17 919 946	22%

Source: Author's own calculation based on data from ITC and EuroSTAT (2023a)

To export wine under these TRQs, farms / cellars need to register with the Department of Trade and Industry and Competition (DTIC) as well as the South African Revenue Service (SARS) (Government Gazette, 2023). Export permits are only issued to registered firms which then obtain an "Approved Exporter Status". The Wine Online system administers and allocates the certification of liquor exports under the Liquor Products Act. Approved wine exporters must further comply with the EU's SPS, TBT, and rules of origin requirements. Permits are allocated on the basis of the Preferential Market Access Permit Allocation System which takes into account the (Government Gazette, 2023):

- The Broad Based Black Economic Empowerment (B-BBEE) status obtainable from a valid B-BBEE certificate / scorecard (see Section 4.1.5 for a discussion of the BEE policy).
- Historical market share of the applicant
- Number of applicants.
- Total quota available.

The main competitors in the EU market are local producers (France, Italy, and Spain) which face no tariff barriers in the common market. However, wine exporters from outside the EU would face similar tariff barriers as those applied to South Africa. Table 3 makes a comparison of the import tariffs faced by South Africa compared to the main non-EU competitors in the EU market for both bottled and bulk wine. The table also provides a comparison of the respective market shares of each competitor country.

TABLE 3: MARKET ACCESS OF MAIN COMPETITORS IN THE EU WINE MARKET (2022)

	HS220421 – Bottled wine		HS220429 – Bulk wine	
	Applied tariff	**Market share in EU**	**Applied tariff**	**Market share in EU**
South Africa	**1.74%**	**1.9%**	**7.06%**	**6.1%**
Competitors:				
United States	*2.29%*	*4.5%*	*11.58%*	*5.5%*
Chile	*1.23%*	*4.2%*	*4.01%*	*4.8%*
Australia	*2.29%*	*2.1%*	*11.58%*	*5.0%*
Argentina	*2.29%*	*1.5%*	*11.58%*	*1.2%*
New Zealand	*2.29%*	*1.4%*	*11.58%*	*2.3%*

Source: ITC and author's own calculation based on data from UN Comtrade (2023a)

Table 3 shows that with regards to bottled wine, South Africa has a tariff advantage compared to most competitors apart from Chile. Import tariffs are lower than for bulk wine. As was evident from earlier analysis, South Africa has a relatively small market share in the EU wine market. Amongst the non-EU suppliers, it is ranked as fourth. However, the market share of the other non-EU wine exporters is not very large either.

The righthand-side of the table shows that the import tariffs for bulk wine are higher. Apart from Chile, South Africa has a tariff advantage over its non-EU competitors. It furthermore has the strongest market position for bulk wine amongst the non-EU suppliers. Overall, South Africa has a comparative advantage in terms of the import tariffs it faces on the EU market.

Deliverable 1.2 of MATS employed a Gravity Model analysis on the determinants of global wine trade. This analysis found that tariffs have a negative but minimal effect on wine trade.

2.4.5 Non-Tariff Measures

Although tariffs are an important aspect of market access, Non-Tariff Measures (NTM's) have been playing an increasingly important role (Nicita and Gourdan, 2013). The United Nations Commission on Trade and Development (UNCTAD, 2023a) defines NTM's as mandatory measures other than tariffs which can have an economic effect on trade in goods these can for example regulate plant health or maximum residue levels in food crops. They pose that NTMs primarily aim at protecting public health or the environment but NTM's can also substantially affect trade through information, compliance, and procedural costs.

The prevalence of NTM's in the EU market is high. Analysis by WITS (2023) shows that 94 percent of the total value imported in 2016 by the EU was subject to NTM's. This was higher than all the other 75 countries in their analysis. They further found that the average number of different NTMs per product was also higher in the EU than in the other markets investigated. Most of the NTM's in the EU pertain to labelling requirements, followed by inspection requirements and product quality performance requirements.

Deliverable 1.3 of the MATS project discussed that NTM's have a role to play in sustainable development. This can be via a direct linkage in that NTM's can become a barrier to trade which weakens the developmental potential of trade. On the other hand, the linkage between NTM's and sustainable development can be indirect. Many of the underpinnings of NTM's can be linked to the UN SDG's such as food security (SDG2), nutrition and health (SDG3) and protecting endangered species (SDG14).

However, labour standards, which are the focus of this case study, are not directly addressed via NTM's. A study by UNCTAD (2019) that analysed the linkages between NTMs in the EU and the SDGs found no direct linkages with SDG 8 – decent work and economic growth.

The different NTMs[14] applicable to South Africa's wine export in the EU market are shown in Figure 10. Compliance with a total of 25 measures is required before wine is allowed to enter the EU market. Most of the NTM's pertain to labelling, marking, packaging, and origin of inputs. Other requirements pertain mainly to food safety, traceability, and inspections.

[14] The second level of the UNCTAD-MAST classification was used.

Figure 10: Number of NTM's applicable to SA's wine export in the EU market
Source: Authors' own calculations based on data from UNCTAD (2023b)

The Gravity Model analysis in MATS Deliverable 1.2 on the determinants of global wine trade also analysed the impact of NTMs. It was found that of the different NTMs only Sanitary and Phyto-sanitary (SPS) measures[15] had a significant and negative impact on wine trade.

[15] SPS measures are any NTM's that are applied to protect human, animal or plant health.

2.4.6 Voluntary Sustainability Standards

Voluntary Sustainability Standards (VSS) comprises of voluntary certification schemes, labelling programs and private standards (UNCTAD, 2021). They aim to make global value chains, from producer to consumer, more sustainable by taking into account social and environmental requirements in the production process. Their relevance in setting the "rules" for international trade has increased significantly over time. VSS relevant for enhancing the social sustainability of the South African wine exports to the EU market form the focus of this study.

Deliverable 1.3 of the MATS project discussed the emergence of VSS, the scope of VSS relevant in the EU market, and their linkages with the SDG's. It revealed that most of the VSS in the EU revolve around social sustainability (e.g., labour conditions, fair wages). Furthermore, the deliverable showed that there are 119 VSS prevalent in the EU that focus specifically on agriculture. Bissinger *et. al* (2020) mapped the linkage between 300 VSS with the 126 core targets of the SDGs. They found that the largest proportion (222) of the VSS linked with SDG 8 – decent work and economic growth. The former element of SDG 8 is one of the focal points of this case study. However, when narrowed down to agricultural specific VSS, only 90 standards linked to SDG 8; ranking 10th among the 17 SDG's. This is remarkable given the challenges with labour conditions in agriculture across the world and South Africa alike (see Section 4).

The Standards Map tool of the of the International Trade Centre (ITC, 2023b) contains the most extensive database on VSS globally. The database however does not allow to filter for VSS applicable to wine products specifically. Nonetheless, the tool shows that a total of 37 VSS are relevant for South African food and beverage products (i.e., wine) in the EU market. When these are further filtered down based on their social sustainability focus, 27 standards remain. However, for the South African wine sector specifically only the following four voluntary social sustainability standards (i.e., ethical trade initiatives) are of relevance:

- Wine and Ethical Trade Trading Association (WIETA): WIETA is a not-for-profit, voluntary association of many different stakeholders[16] in the South African wine industry, who are committed to the promotion of ethical trade in this sector.

[16] Stakeholder: a person or organisation with a vested interest in the advancement of specific industry or cause.

WIETA drives a pro-active world class and sustainable ethical trade programme for the South African wine industry and aligned sector (WIETA, 2023).

- Fair Trade: Fairtrade International is an independent, non-governmental, not-for-profit organization that promotes sustainable development and poverty alleviation and sets the Fairtrade standards. Nineteen national organizations, called Fairtrade Labelling Initiatives, promote the marketing of Fairtrade products in 24 countries in Europe, North and Central America, Australia, and New Zealand (Fairtrade, 2023a).
- Sustainability Initiative of South Africa (SIZA): SIZA provides the agricultural industry with ethical best practice embodied in the SIZA Code of Conduct. It is a South African standard, developed, owned, and operated in South Africa but aligned to global best practices. SIZA aims to have a cost-effective approach for producers by supplying one standard and one audit no matter which market a producer supplies. The SIZA programme provides capacity building initiatives, an online benchmark for producers, as well as third party audits conducted by accredited audit bodies to prove compliance in social (ethical) practices and environmental assurance (SIZA, 2023a).

A brief comparison of these three standards will follow in Section 4.3.

2.5 Linkages with the Sustainable Development Goals

The SDG is a global guiding framework for sustainable development developed by the UN and the objectives of the MATS project are strongly linked with some of these goals (see project proposal and WP2). South Africa has been one of the early supporters of the 2030 Agenda for Sustainable Development which crafted the SDG's in 2015 (StatsSA, 2019). There exists a significant convergence between South Africa's National Development Plan (NDP) and the SDG's. The National Planning Commission established that 74% of the SDG targets are addressed by the NDP (NPC, 2019).

Each year the Sustainable Development Report reviews the global progress made towards the SDG's (see: Sachs, J.D., Lafortune, G., Fuller, G., Drumm, E., 2023). In the 2023 report South Africa was ranked 110th out of 166 countries with an SDG Index score of 64.0. This index measures the progress with regards to the 17 SDG's and can be interpreted as the percentage achievement with a max score of 100. The report shows furthermore that for 34.7 percent of the SDG targets South Africa is on track, it has made limited progress on 37.5 percent of the targets and for 27.8 percent no progress has been made.

It is evident South Africa is not performing well in achieving the SDG’s. A deeper look at the country’s progress of each of the 17 goals is provided in Figure 11. It is evident from the figure that major challenges remain for most SDG’s. None of the SDG’s are yet achieved. Furthermore, the figure shows that progress with the SDG’s over time has either been stagnating or too limited to achieve the targets by 2030.

FIGURE 11: SOUTH AFRICA’S PROGRESS TOWARDS ACHIEVING THE SDG’S (2023)
Source: Sachs et. al (2023)

Ethical trade initiatives in the South African wine industry, as investigated in this case study, has a strong linkage with specifically SDG 8 as well as with SDG10 (reduce inequalities) and 12 (responsible production). SDG8 revolves around sustainable economic growth, full and productive employment, and decent work for all. In terms of decent work, it sets goals and targets for:

- Equal pay for men, women, and persons with disabilities (8.5)
- Reducing youth unemployment (8.6)
- Eradicating forced labour, modern slavery, and child labour (8.7)
- Protecting labour rights and promoting a safe and secure working environment (especially for women and migrant labourers)(8.8)

Figure 11 shows that at a broad level, South Africa is not performing well with regards to SDG8 which is mainly underpinned by sluggish GDP growth and the high and worsening unemployment rates. How well the ethical trade initiatives in the South African wine sector are aligned with these four specific SDG8 targets will be further discussed in Section 4.

Deliverable 2.1 of the MATS project assessed all 248 SDG indicators and provided the underpinning of Deliverable 2.4 which provides the broad analytical framework for the 15 case studies. This includes the focus areas linked to a selected set of measurable SDG indicator. The indicators in each sustainability dimension that are of relevance for this case study (#12) are presented in Table 4. The last column links each specific SDG indicator with the relevant section in this report.

TABLE 4: RELEVANT SDG INDICATORS FOR CASE STUDY 12

Dimension	SDG indicator		Section
Social	5.a.1	Ownership rights: proportion of total agricultural population with ownership or secure rights over agricultural land	No data available
	1.3.1	Social protection: proportion of population covered by social protection floors/systems,	Section 2.2
	8.5.2	Unemployment: unemployment rate, by sex and age	Section 2.2
	8.8.2	Working conditions: increase in national compliance of labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status	Section 4.1
Human	1.1.1	Poverty rates: proportion of population below the international poverty line, by sex, age, employment status and geographical location (urban/rural)	Section 2.2
Economy and markets	17.11.1	Volumes traded: developing countries' and least developed countries' share of global exports	Section 2.3
	2.3.2	Income creation: average income of small-scale food producers, by sex and indigenous status	No data available
	10.a.1	Subsidies and tariffs: proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff	Section 2.4.3
	2.3.1	Production: volume of production per labour unit by classes of farming/pastoral/forestry enterprise size	Section 2.1
Natural capital	None		
Policy, governance and regulations	5.1.1	Legal framework: whether or not legal frameworks are in place to promote, enforce and monitor equality and non-discrimination on the basis of sex	Section 4.1
	2.a.2	Public expenditure: total official flows (official development assistance plus other official flows) to the agriculture sector	No data available
	2.b.1	Public expenditure: Producer Support Estimate	Section 2.1
	15.a.1	Public expenditure: official development assistance and public expenditure on conservation and sustainable use of biodiversity and ecosystems	Section 2.1

3. OBJECTIVES AND ANALYTICAL APPROACH

The previous section provided an extensive contextual framework on South Africa's wine sector. This section will provide a brief overview of the objectives and methodological approach of this case study.

As mentioned in Section 1 the two key research questions for the case study (CS) are:

(i) How given trade regimes, investments into agri-food value chains and sustainability standards impact local, and, in some cases, national, and international socioeconomic and environmental conditions, and
(ii) How to foster the positive and reduce the negative impacts of agri-food trade and trade policy regimes on sustainable development and human rights.

3.1 Objectives and scope of the CS

The primary objective of this case study is:

To assess the effectiveness of ethical trade initiatives in the South African wine sector.

The following secondary objectives are in support of reaching the main case study objective:

1. *Contextual framework: provide an extensive background of the South African wine sector.*
2. *Provide local policy context and conduct a review of relevant previous studies on working conditions in South Africa's farming and wine sector.*
3. *Provide an overview and conduct a comparative analysis for the relevant ethical trade initiatives in the South African wine sector.*
4. *Obtain current context and dynamics with regards to the ethical trade initiatives in the South African wine sector.*
5. *Validation of previous research and strategic analysis with key actors in the South African wine sector.*
6. *Determine impact pathways.*

3.2 Methods and data

The overarching analytical approach of the key components and Work Packages (WP) for the MATS project is presented in Figure 4 of Deliverable 2.4. The deliverable also presents an eight-step implementation process for the 5 WP's:

1. Create a shared understanding (WP1)
2. Formulate a problem statement (WP1)
3. Identify target audiences (WP2)
4. Assess indicators and data availability (WP2)
5. <u>Identify suitable methods and models (WP2 and 3)</u>
6. <u>Analyse the results and create a storyline (WP3)</u>
7. Identify enabling institutional, regulatory, and legal frameworks (WP4)
8. Derive transition pathways (WP5)

Hence, steps 5 and 6 are of relevance for the case studies (WP3). Implementation step 5 stipulates that the appropriate models should be selected to fill in the information gaps. This case study will used mixed methods which will be further discussed below. Step 5 also suggests indicating how the relevant SDG indicators are addressed in the case studies. Table 4 in Section 1.5 provides an overview of the relevant indicators and indicators where in the case study these are discussed. However, this report does not follow a structural approach regarding the SDG indicators.

Step 6 specifies that the analysis should be comprehensive and systematic. It is important to assess whether (a) the ethical trade initiatives solves the problem observed, (b) it creates any new side effect or synergy with other indicators of sustainable development, and (c) what trends are triggered. This will be discussed in Section 4 of this case study report.

The methodological approaches applied to reach the seven secondary research objectives (see previous sub-section) of this case study are as follows:

<u>Objective 1:</u> The contextual framework will be compiled by analysing a selection of relevant industry reports, publications, and secondary data. The results were presented in Section 2.

<u>Objective 2</u>: Relevant publications on agricultural employment in South Africa as well as on labour conditions, -policies and -programs will be reviewed. Furthermore, previous research on ethical trade initiatives in the South African wine sector specifically will also be systematically reviewed and summarised. The results of this objective are presented in Sections 4.1 and 4.2.

<u>Objective 3</u>: The comparison of the relevant ethical trade initiatives will be done by using the ITC’s Standards Map tool as well as by analysing the official publications of each standard. Section 4.3 presents the results of this analysis.

Objective 4: Conduct interviews with key informants of the local social standards setting bodies. The in-depth interviews will be loosely structured around current issues regarding labour conditions, social standards, compliance, and the wine value chain. The aim is to complete three interviews which can either be conducted online or in-person. The outcome of this analysis is discussed in Section 4.4.

Objective 5: Conduct an online survey with representatives from grape farmers, wine cellars, farm workers, exporters, industry organisations, labour unions, Civil Society Organisations / Non-Governmental Organisations, and provincial government.

The objective is to validate and elaborate the main findings from research objectives 1, 2, 3 and 4. The respondents will be asked to share their knowledge, opinions, and insights on the various topics of the survey. Data collection will include closed- and open-ended questions to collect both quantitative and qualitative primary data. The approach and results of the online survey for this case study will be further elaborated on in Section 4.5.

Objective 6: The impact pathways are visualised by compiling a Causal Loop Diagram (CLD). This diagram depicts the interrelationship between trade and social sustainability in the South African wine sector based on the outcomes of research objectives 1 to 6.

A CLD consists of a set of key terms (i.e., variables) which are linked by arrows. Closed loops reflect chains of causes and effects that form a circuit. Feedback loops can be either positive or negative. The CLD for this case study are mapped using the online KUMU tool and are presented in Section 4.6.

4. RESULTS AND DISCUSSION

This section discusses the outcomes of the core analyses of the case study. Each of the sub-sections links with research objectives two to seven as presented in Section 3.

4.1 Agricultural employment and policy context

Research objective 2 poses to provide more context with regards to employment and the ethical trade initiatives in the South African wine industry. This is done to better understand the local labour dynamics as well as the scope, complementarity, and overlapping of existing social standards.

4.1.1 Dynamics in agricultural employment

Section 1.2 provided some stylised facts and trends of employment in agriculture and in the wine sector specifically. This sub-section will delve deeper into the dynamics of farm labour in South Africa.

High levels of unemployment remain persistent in South Africa. It has one of the highest levels of joblessness in the world. The unemployment rate has been steadily on the rise from 25 percent in 2012 to 34 percent in 2022 (World Bank, 2023). According to a report by the Human Research Council (2020), unemployment in South Africa's rural areas is much higher and reached 52 percent in 2020. The country has a relatively large rural population, 32 percent of the population resided in rural areas in 2021 (World Bank, 2023) who to a large extend depend on agriculture or mining for employment. Due to the high level of unemployment, a large part of the South African population struggles to sustain their livelihoods. Unemployment and poverty are strongly related, and it should not be surprising that in 2022 almost 31 percent of the population lived below the food poverty line (ReX, 2023).

These are gloomy stats. However, the people employed in agriculture are facing some structural challenges. There is a growing divide between an increasingly smaller core of permanent workers that are better skilled, receive more training and enjoy better employment conditions, versus a growing pool of seasonal workers that are less skilled, receive little training, and have poor employment terms and conditions (Kritzinger *et al.*, 2010; Barrientos and Visser, 2012; Du Toit and Ewert, 2005; Mather and Greenberg, 2003). Another important structural trend in agriculture has been an increase in the capital to labour ratio[17]. This ratio increased from 0.27 in 2012 to 0.45 by 2022 (S&P Global, 2023). Indicating that agricultural labour is increasingly being replaced by capital (technology). Furthermore, the employment to output ratio[18] in the agricultural sector, which measures labour productivity, has been on the decrease. In 2012 the average output per agricultural worker was R 3.73 million and by 2022 this has dropped to R 1.70 million by 2022 (S&P Global, 2023).

4.1.2 Labour relations and working conditions in agriculture

Employment relationships in the local wine sector have been in the spotlight for many years from violent farm worker protests in the Western Cape Province in 2012[19] to the release of the "Bitter Grapes" documentary in 2016[20] and a recent 2023 report on human right violations on wine farms by watchdog Finnwatch[21].

In general, South Africa performs very poorly on the labour-employer relationship. In the 2019 Global Competitiveness Report the country ranked 139th out of 141 countries for this specific indicator (WEF, 2019). The low level of trust between employers and employees is underpinned by poor professional management and talent retention as well as high levels of inequality, unemployment, and poverty. The report furthermore revealed that the country also performs relatively poor with regards to labour market flexibility, flexibility of wage determination and the difficulty in hiring foreign labour.

A comprehensive report compiled for the International Labour Organisation (ILO) analysed the living and working conditions of farm workers in South Africa (see: Visser, M. and Ferrer, S., 2015). The first part of the report provides some stylised facts on working conditions of farm labourers based on 2014 data; these include:

- Just over 50 percent of farm workers have a permanent contract. Women are less likely to be permanently employed.

---

17 Capital-labour ratio = fixed capital stock / total employment

18 Employment to output ratio = total output produced / number of workers.

19 In late 2012, a series of farm worker's strikes occurred in the Cape Winelands District Municipality. The strike was organised predominantly by women and was a reaction to new farm owners who wanted workers to sign contracts, stipulating lower wages (SA History Online, 2015).

20 A critical documentary into work conditions in the South African wine industry facilitated by union and NGO inputs in both South Africa and Scandinavia (Hastings, 2019).

21 They have published a report which examines the implementation of human rights in their standard wine selection from South Africa by Alko, the national alcohol retailing monopoly in Finland (Finnwatch, 2023).

- Over 92 percent of permanent and 81 percent of temporary farm workers have employment contracts.
- More than half of the farm workers work more than 41 hours per week. Women usually work fewer hours than men.
- Seventy-five percent of permanent farm workers were entitled to paid vacation leave, for temporary workers this was only 15 percent.
- Only 1.5 percent of the farm workers received contributions towards health insurance.
- Most farm workers (81%) negotiate their salary directly with their employer. Only for 9 percent of the permanently employed farmworkers, labour unions were involved in salary negotiations.
- Most permanently employed farm workers did receive annual salary increases. This was less the case for temporary farm workers.

These statistics may a be slightly dated and provide just an average picture, but they are nevertheless illustrative. The farm population and workforce in South Africa are diverse and heterogeneous, with different needs and challenges depending on their location, sub-sector, and employment status.

The second part of the ILO report focussed on some contemporary themes that have an impact on farm employment. The agricultural sector has undergone significant restructuring since 1994, driven by market deregulation, trade liberalisation, global value chains, and labour legislation. These processes have increased the pressures and risks for both producers and workers, and have led to the following changes in farm labour management strategies (Visser, M. and Ferrer, S., 2015):

- Casualisation: the process where farm workers who were previously employed on a permanent basis, are re-employed or replaced on part-time time or fixed term contracts (such as seasonal contracts).
- Externalisation: the process where farm workers are no longer employed directly by the farmer, but instead employed via an intermediary (such as a labour broker) that is contracted by the farmer.
- Migrant labour: increased use of seasonal migrant workers from mainly Lesotho, Mozambique and Zimbabwe as farmers argue that they are unable to find willing and reliable local farm workers.

The report further argues that working and living conditions of farm workers vary across regions and sub-sectors but are generally poor and precarious. Farm workers face low wages, limited benefits, long hours, lack of security, poor health and safety, and inadequate housing. They also have limited access to education, health care, social security, and other services. They have low levels of unionisation and collective bargaining power, and face challenges in enforcing their rights and accessing legal assistance.

The provision of housing for farm workers is a major issue identified by the ILO report that affects both producers and workers. In 1998 the Extension of Security of Tenure Act[22] (ESTA) was introduced. The main goal of the act is granting security of tenure and housing for farm workers and avoid their eviction. The (ESTA) has had unintended consequences of increasing the use of migrant workers, as well as casualisation, externalisation of farm work and the movement of workers off-farm. Many rural towns have become overcrowded and underserviced as a result of the influx of off-farm workers. The existing housing policy for farm workers is outdated and inadequate and does not address the needs of seasonal and off-farm workers. There is a need for a multi-stakeholder approach to improve the housing situation for farm workers.

The ILO report concludes that there are signs of agency and dialogue among both producers and workers in the agricultural sector. Some producers have adopted more progressive labour practices and have engaged with ethical trade initiatives. Some workers have organised themselves into associations or cooperatives and have participated in protests or negotiations. There are also examples of social dialogue between producers and workers at various levels. However, these initiatives are still limited and face many obstacles. There is a need for more support from the state and other actors to facilitate constructive engagement between producers and workers.

Although the level of labour unionisation in the South African wine sector is relatively low, Woman on Farms and the Commercial, Stevedoring, Agricultural and Allied Workers Union (CSAAWU) have some leverage in the sector. Women on Farms is a Stellenbosch-based feminist NGO that has been working with women farm workers and dwellers in the Western Cape since 1996. The organization's mission is to support and strengthen the capacity of women farm workers and dwellers to know, claim and realize their rights. CSAAWU was formed in 2006 to specifically address the working conditions on wine farms. It played a significant role in the widespread strikes in 2012 and 2013.

[22] Act 62 of 1997.

4.1.3 Agricultural wages

The labour- and living conditions of farm workers are strongly interlinked and are underpinned by the income derived from employment. There is no collective bargaining council in the agricultural sector to determine minimal wages (see next section). Therefore, minimal wages are set through sectoral determination which is an administrative process conducted by the National Minimum Wage Commission (DEL, 2023). The wage determination should be based on an investigation and the public is allowed to comment however the outcome does not reflect a consensus between employers and employees (Visser, M. and Ferrer, S., 2015).

Visser, M. and Ferrer, S. (2015) pose that the remuneration of farm workers can be determined using various methods, including the duration of employment (e.g., a fixed weekly wage), the number of time periods worked during that period of employment (e.g., a fixed daily wage for days worked), measures of productivity, such as the number of tasks completed by the individual or the overall productivity of a team of workers, as well as various combinations of the above (e.g., a fixed wage plus a productivity-related bonus). In addition to wages, many farm workers receive non-wage remuneration or "benefits," such as free or subsidized housing, food, and services.

With regards to these additional benefits, the Basic Conditions of Employment Act (1997) allows the minister to set basic standards for housing and sanitation for workers. Moreover, the sectoral determination limits the deductions that can be made on the wage as follows: the supply of food and accommodation, not exceeding 10% of the worker's wage; a loan advanced to the farmworker, subject to a maximum of 1/10 of their wage; an amount that the farmworker has requested in writing for the farmer to pay to a third party; and payments required by law or court order. (Visser, M. and Ferrer, S., 2015).

According to Stanwix (2013), there is a significant wage spread above and below the median wage in each province. The remuneration of farm workers is influenced by various factors, including the supply and demand of particular skills, job status, and the level of responsibility assumed by the incumbent. Other determinants of farm workers' remuneration include labour legislation (e.g., prescribed minimum wages), farm profitability and liquidity (i.e., the financial feasibility of paying higher than minimum wages), as well as various less tangible factors such as the employer's "personal sense of fairness" and the employer's expectation that higher wages may increase worker productivity (Stanwix, 2013).

According to Hall *et al.* (2013), farm worker's wages are widely considered low relative to what workers require to sustain a decent standard of living. Many farm workers interviewed by Hall *et al.* (2013) found it difficult to support their families on their wages. For 2023 the minimum wage for a farm worker was set at R 25.42 (€ 1.28)[23] per hour (Department of Employment and Labour, 2023). This amounts to R 4 067 (€ 204) per month based on a 40-hour work week.

A living wage is defined by Anker and Anker (2013) as: "Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living of the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, healthcare, transport, clothing and other essential needs including provision for unexpected events." There is no universal approach in determining a living wage, however, the Decent Standard of Living (DSL) project in uses a set of 21 socially perceived necessities that are widely accepted essential to live a decent life in South Africa (DSL, 2022). For 2022, their estimated living wage (i.e., the DSL measure) amounted to a monthly household income of R 6 034 (€ 351). The current minimum wage in agriculture should be increased by 48% to cover the shortfall to this estimated living wage.

The Global Living Wage Coalition (GLWC) also determines a standardised living wage on an annual basis for the Western Cape Province in South Africa by using the Anker methodology. Their estimate for 2023 is a bit lower than the DSL measure and amounts to R 5 354 (€ 268) per month (GLWC, 2023). To bridge this gap the current minimum wage in agriculture should increase with 32 percent. However, these calculated gaps can be smaller if certain non-wage benefits are provided by employers which may be the case for farm workers (see the HRW report discussed in Section 4.2).

4.1.4 South Africa's labour legislation

This sub-section briefly discusses South Africa's policy framework that regulates the relationship between farmworkers and their employers. The first part of this sub-section focusses on the relevant labour legislation. The next sub-section focusses on some legislation indirectly impacting on employment in agriculture and the wine farming.

---

[23] ZAR/EUR 19.93 (2023 average)

The main goal of labour legislation is to regulate the relationship between employer and employees as well as to set the requirements for sound working conditions. The agricultural sector in South Africa has been for long exempted from this type of legislation. It was only after 1995 that farmworkers were entitled to the same rights as other workers (Visser, M. and Ferrer, S., 2015).

There are quite a number of local labour policies that are relevant for farmworkers which are briefly summed up below:

- *Labour Relations Act (Act 66 of 1995):* the act governs the relationship between employers, employees, and trade unions. The act aims to regulate the organizational rights of trade unions, promote and facilitate collective bargaining at the workplace and sectoral level, regulate the right to strike and the recourse to lockout in conformity with the Constitution, promote employee participation in decision-making through the establishment of workplace forums, and provide simple procedures for the resolution of labour disputes through statutory conciliation, mediation, and arbitration. The act also establishes the Labour Court and Labor Appeal Court as superior courts, with exclusive jurisdiction to decide matters arising from the act (South African Government, 2023).
- *Basic Conditions of Employment Act (Act 75 of 1997):* the act regulates the basic conditions of employment for all employees and employers The act aims to give effect to the right to fair labour practices by establishing and making provision for the regulation of basic conditions of employment, and thereby to comply with the obligations of South Africa as a member state of the International Labour Organization (ILO). The act covers various aspects of employment, including working hours, leave, job information and payment, as well as termination of employment. It also prohibits unfair discrimination against employees (South African Government , 2023).
- *Employment Equity Act (Act 55 of 1998):* the act aims to promote equity in the workplace by eliminating unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, which include black people, women, and people with disabilities. It also requires designated employers (farms), who employ 50 or more employees to implement affirmative action measures to ensure equitable representation of designated groups in all occupational levels in the workforce (South African Government , 2023).
- *National Minimum Wage Act (Act 9 of 2018):* this legislation was enacted to provide a national minimum wage, establish the National Minimum Wage Commission, and provide for the review and annual adjustment of the national minimum wage. The act applies to all workers and their employers. The national

minimum wage is adjusted annually in terms of Section 6 of the act (South African Government , 2023).

- *Occupational Health and Safety Act (Act 85 of 1993*): this law aims to provide for the health and safety of persons at work. The act establishes an advisory council for occupational health and safety and provides for matters connected. The act requires employers to provide and maintain a working environment that is safe and without risks to the health of workers. In a farm environment this relates to the operating of agricultural equipment and vehicles as well as the handling of agro-chemicals by farm workers (South African Government , 2023).
- *Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993):* this law provides compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases (South African Government , 2023).
- *Skills Development Act (Act 97 of 1998)* this act aims to provide an institutional framework to devise and implement national, sector, and workplace strategies to develop and improve the skills of the South African workforce. The act also intends to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995. The act provides for learnerships that lead to recognized occupational qualifications, the financing of skills development by means of a levy-grant scheme and a National Skills Fund, and the regulation of employment services (South African Government , 2023).
- *The Skills Development Levies Act (Act 9 of 1999):* this law imposes a levy on employers with a payroll of more than R500,000 per annum to fund the Skills Development Initiative. The act provides ways to make training affordable by implementing payment of skills levies, grants, requiring the appointment of Skills Development Facilitators (SDFs), requiring Workplace Skills Plans (WSPs), and requiring Annual Training Reports (ATRs) (South African Government , 2023).

Amongst this local legislation, the Labour Relations Act is arguably the most important one. With regards to worker organisation, the act has granted workers the constitutional right to belong to a trade union, but trade unions represent a small percentage of farm workers. To address this, various models of worker representation have been proposed, such as elected worker committees on farms. However, the act does not provide any form of organization or representation other than through a trade union and the workplace forum. Such a forum is intended to promote participative management and joint decision-making, but it can only be established at the instance of a trade union, and the trade union movement has generally been hostile to the idea, resulting in very few of these workplace forums (Visser, M. and Ferrer, S., 2015).

Collective wage bargaining at sectoral level is also promoted by the Labour Relations Act, with the preferred forum being the bargaining council. However, the act does not provide for a right to bargain, and a council can only be established voluntarily by trade unions and employer organizations. Currently, South Africa lacks a bargaining council in agriculture due to trade union weakness and resistance from organized agriculture and individual farmers. Some argue that collective bargaining is the best way to prevent labour unrest and eliminate paternalism in the relationship between farmers and workers (Visser, M. and Ferrer, S., 2015). Also see Section 4.1.3 above on agricultural wages and sectoral determination. Data from ILO shows that in South Africa only 30 percent of the total employees whose pay and/or conditions of employment are determined by one or more collective bargaining agreement (ILOstat, 2023). This is below the global average of 35 percent.

Furthermore, the Labour Relations Act aims to ensure employment security by preventing unfair dismissals and establishing a fair system for resolving disputes. This system, administered by the Commission for Mediation and Arbitration (CCMA), applies to all workers, including farmworkers. Fair dismissals must be for a fair reason, such as misconduct, incapacity, or operational requirements, and must follow a fair procedure. Dismissal consequences are more severe in rural areas, where workers may lose their homes and have limited alternative work and housing options. The right of fair dismissal is limited or non-existent for seasonal workers, who rely on re-employment the next season.

As mentioned, the Occupational Health and Safety Act mandates employers to ensure a safe and healthy working environment. Farmers with over twenty employees must appoint health and safety representatives. The Compensation for Occupational Injuries and Diseases Act provides compensation for workers injured on duty or contracting occupational diseases, and their dependants. Farming, which uses potentially hazardous pesticides, requires both workers and owners to be informed about their rights and duties under the Compensation for Occupational Injuries and Diseases Act.

The Skills Development Act (SDA) and Skills Development Levies Act (SDLA) mandate employers to contribute levies and deduct from workers to fund skills development and training. This raises questions about the benefits for farmers and workers in agriculture. The system has two limitations: most jobs in agriculture are lesser skilled occupations and there is high illiteracy among farmworkers. Interventions addressing literacy levels are likely to be most beneficial. Additionally, the allocation of resources for skills development and training is decided by the Agricultural Sector Education and Training Authority (AgriSETA). The efficiency of this institution has however been questionable (see for instance: Mahlela, 2019 and Halabi et a., 2013)

The complexity of the eviction process can be disadvantageous for farm workers, who may struggle to match the legal and other resources available to them. The introduction of the Extension of Security of Tenure Act has been seen as ineffective in conceptualizing or operationalizing opportunities for tenure for farm dwellers both on and off-farm (Visser, M. and Ferrer, S., 2015). Section 4.1.2 already discussed the unintended consequences of this specific act.

The Inspection and Enforcement Services of the South African Department of Employment and Labour is responsible for the enforcement of the labour legislation. The effectiveness of this government entity is a complex and contested issue. Greenberg, (2010) poses that the inspectorate is under-staffed and demoralized. Godfrey and Clarke (2002) reported that the inspectorate responsible for monitoring and enforcing the Basic Conditions of Employment Act (BCEA) at the workplaces was "woefully inadequate". According to Benjamin (2010), the International Labour Organization (ILO) conducted an investigation that found the Department of Labour and Employment's ability to make policies, collect and analyse data, and provide direction for labour inspections and occupational safety and health was limited.

There are various factors that influence the level and quality of compliance with labour laws, such as (Benjamin, 2010):

- Limited resources and capacity: The Department of Employment and Labour has a limited number of inspectors and a large number of workplaces to monitor. The inspectors also face difficulties in accessing some workplaces, especially in the informal economy sector.
- Lack of coordination and cooperation: The Department of Employment and Labour and the bargaining councils sometimes have overlapping or conflicting mandates and jurisdictions, which can create confusion and inefficiency in the enforcement process.
- Low levels of awareness and compliance: Some workers and employers are not fully aware of their rights and obligations under labour laws, or they choose to

ignore or evade them for various reasons, such as economic pressures, lack of trust, or fear of reprisals.

- Complex and dynamic labour market: The labour market in South Africa is constantly changing and evolving, with new forms and sectors of employment emerging.

Official stats on labour law compliance in South Africa are rather limited. A study by Bharat *et al.* (2012) found that, based on the 2007 Labour Force Survey, 44 percent of workers got paid wages below the determined minimum with an average shortfall of 35 percent. Violations were found the be the highest in the security, forestry, and farming sectors. The inspection statistics published by the Department of Employment and Labour are rather broad and only specify the number of inspections according to province and not per industry. The performance summary of 2021/2022 shows a total of 178 489 inspections which were short of the target for that period. The compliance level was 76 precent (DEL, 2022). However, there is no reporting on the types of non-compliance.

The only available data that can shed some light of the level of occupational health and safety at sector-level is collected by ILO. Their stats show that in 2016 of the total occupational injuries reported in South Africa, 15 percent occurred in the agricultural / forestry / fisheries sector (ILOstat, 2023). The sector ranks third after the arts / entertainment / recreation and wholesale / retail sectors. In perspective, the agricultural sector contributes around 2.6 to national GDP and is responsible for about 5.6 percent of total employment.

4.1.5 Other local policies

Broad-Based Black Economic Empowerment (BEE)

The Act aims to promote economic transformation and redress the inequalities created by Apartheid (South African Government , 2023). The act provides a legislative framework for the promotion of black economic empowerment, empowering the Minister of Trade and Industry to issue codes of good practice and publish transformation charters.

The AgriBEE Sector Code is a legislative framework that facilitates Broad-Based Black Economic Empowerment in the agricultural sector by implementing initiatives to include Black South Africans at all levels of agricultural activity and enterprises. The code is a product of a negotiation process amongst stakeholders in the agricultural sector and alignment with the Codes of Good Practice, a process which was driven by the AgriBEE Charter Council.

The code has three core elements: direct empowerment through ownership and control of enterprises and assets, human resource development and employment equity, and indirect empowerment through preferential procurement policies aimed at ensuring black people benefit from government tenders. The code makes provision for division of the ownership element into two sections i.e., general/equity ownership and land ownership, thus accounting for the unique make-up of the sector in this respect which is that ownership can be measured in terms of equity but also with regard to ownership of land as an economic asset.

Farming enterprises can thus score either on these three dimensions (see BEE scoring below). The code also prioritizes skills development and land reform project. The emphasis on skill development is necessitated by the lack of technical skills and high levels of illiteracy in the sector. The other key undertakings by the agriculture industry is to use enterprise development to support mainly land reform projects in terms of mentoring, extension services, capital provision, inputs supply, access to markets, and access to technology and infrastructure, as well as using the element to stimulate investment in rural areas and thus job creation.

Francis and Webster (2019) argue that the aim of BEE is to change the composition of ownership in the South African economy, including the agricultural sector, rather than being a structural intervention in the labour market. However, the potential benefits of AgriBEE for farmworkers that belong to previously disadvantaged groups[24] may include:

- Preference to in term of employment opportunities.
- Opportunities for farmworker equity schemes.
- Opportunities for farmland ownership.
- Improved access to training and skills development programs.

The AgriBEE Sector Code Scorecard is based on the Amended Broad-Based Black Economic Empowerment Codes of Good Practice (CoGP) as published by the Department of Trade and Industry in 2013, as well as on stakeholder inputs, comments and recommendations. The scorecard assesses the structure of a business according to the five elements mentioned above, and the points earned on the scorecard determine the business's BEE Level; there are eight levels. The higher the

[24] Persons discriminated against under Apartheid.

BEE score, the more preferences you can receive from government. Some of these benefits for agricultural company's include:

- Access to government contracts and tenders.
- Access to funding and grants from government and corporates.
- Improved business reputation and customer loyalty.
- Improved access to finance and capital.
- Improved access to training and development opportunities.

If a business scores below 30 points, it is considered non-compliant and will not receive any procurement recognition.

Determining the impact of that BEE poses to be difficult task. Francis and Viljoen (2021) conducted an extensive literature review on this topic. They found that data limitations on company ownership, occupational segregation and the racial pay gap prohibits being conclusive on the impacts of BEE.

With regards to Bee in the wine industry, Du Toit *et al.* (2008) argue that it allows the industry to avoid potentially more uncomfortable options to redress current and past race-based imbalances – such as land redistribution and better working conditions for grape pickers. Furthermore, they pose that BEE allows a small cohort of black entrepreneurs to become the preferred beneficiaries of 'transformation' in the wine industry. The new terrain is characterized by branding, advertising, and image building on the one side: and by codes of conduct, a sectoral BEE charter, scorecards and auditing on the other. These allow the standardization, legitimation and apparent de-racialization of exploitative labour and social relations in the South African wine industry.

Skinner (2007) conducted a case study on the Thandi wine label. This is an initiative to market wine originating from a farmworker equity scheme which is aligned with the AgriBEE sector code. The study found that the brand has been able to grow its export market and that consumers were prepared to pay a premium for Thandi labelled wine. The key-informant interviews of the case study revealed that empowerment attributes can help products find shelf space, but quality is essential to grow market share and earn price premiums. The study suggests that government should absorb some of the transaction costs confronting producers and marketing agencies in negotiating standards for farms and firms participating in generic empowerment labels. It could also offer auditing services to local accreditation agencies to improve their credibility.

There are currently 50 black-owned wine brands and 29 black-owned wine farms in South Africa (WITU, 2023). This ownership transformation in the wine industry is supported by the Wine Industry Transformation Unit (WITU). This is a non-profit company that was established in 2016 by the National Agricultural Marketing Council (NAMC), Vinpro, and SA Liquor Brand Owners Association (SALBA). WITU aims to strengthen and accelerate the development of wine farms and businesses owned by black people. It also seeks to increase representation of black people, with a specific focus on black women, at management level in wine farms, cellars, wine businesses, and industry organizations through human development programs. WITU promotes ethical practices within its community of stakeholders (including farmworkers) through the implementation of well-integrated ethical trade programs (WITU, 2023).

Land reform

Another important local policy framework that may have an impact on farmworkers is that of agricultural land reform. The main aim of this programme is to redress the injustices of the past as under Apartheid black people were not allowed to own land. The objective is to redistribute 30 percent of commercial farmland to black farmers. (NPC, 2011).

Two policies are relevant for farmworkers in this regard, namely the Land Reform (Labour Tenants) Act (Act 3 of 1996) and Extension of Security of Tenure Act (Act 62 of 1997). The first act provides for security of tenure of labour tenants and those persons occupying or using land because of their association with labour tenants. The act also provides for the acquisition of land and rights in land by labour tenants, and for matters connected therewith (South African Government , 2023).

The Extension of Security of Tenure Act aims to provide long-term security of land tenure and regulate the conditions of residence on certain land. It also regulates the conditions on and circumstances under which the right of persons to reside on land may be terminated, and the conditions and circumstances under which persons, whose right of residence has been terminated, may be evicted from land. This act pertains to farmworkers living on the farm they work on (South African Government , 2023).

The Land Reform (Labour Tenants) Act and Extension of Security of Tenure Act both aim to protect the rights of farm dwellers. The Land Reform Act strengthens the rights of labour tenants to use cropping and grazing land on the farm, while the Extension of Security of Tenure Act focuses on the security of tenure of farmworkers and their dependents. The Extension of Security of Tenure Act regulates the relationship between occupiers and landowners by defining their rights and duties, establishing when and how they may be lawfully evicted, and creating opportunities for occupiers to acquire long-term land rights.

The Extension of Security of Tenure Act establishes rights for occupiers, including security of tenure, access to water, educational, and health services, and the legal process for termination. However, obtaining a court order for eviction is complex and requires a court to determine the fairness of the dismissal. Once the occupier's right of residence is terminated, the owner must give two calendar months' notice of their intention to evict them, which must be given to the relevant municipality, local office of the Department of Land Affairs, and the occupier concerned (Visser, M. and Ferrer, S., 2015).

The main land reform program in South Africa is the Proactive Land Acquisition Strategy (PLAS) and its aim is to accelerate the land redistribution process (South African Government, 2023). The strategy is designed to proactively target land and match it with the demand or need for land. The state is the lead driver in land redistribution rather than the beneficiary-driven which was at the core of preceding land redistribution programs. PLAS does not explicitly mention or target farmworkers, but the program does state that beneficiaries should be "historically disadvantaged individuals" who have a "demonstrated ability or potential to farm successfully" and who are "committed to working the land".

4.2 A review of previous research

This section first reviews a selection of relevant peer-reviewed academic literature on ethical trade initiatives (i.e. social standard schemes) and labour conditions in the South African wine sector. The second part will review some of the recent stakeholder reports that were compiled on the topic.

4.2.1 Academic publications

A few studies have conducted extensive literature reviews on the impact of Voluntary Sustainability Standards (VSS: see also section 2.4.5). Hence, the first part of this sub-section will shortly focus on the outcomes of these earlier reviews before focussing on the literature on the South African wine sector specifically.

The TRANS SUSTAIN (2021) project reviewed 176 scholarly articles published between 2000 and 2020 that have empirically investigated the ground-level sustainability effects of VSS on production and trade. Two of the areas they have focused on and that are of relevance for this case study are economic sustainability and social sustainability. Most studies that examine economic sustainability issues focus on the impact of price regulations (price premiums) and productivity gains through VSS. Some studies also evaluate the effects on household incomes and well-being of certified producers, with a particular emphasis on poverty reduction in developing countries. The project analysed 150 papers on VSS and economic sustainably. Of these studies, 41% of the impact outcomes were negative, while mixed impacts and positive impacts were nearly evenly split at 29% and 31%, respectively.

Scholarly literature that addresses issues of VSS and social sustainability typically focus on the implementation of basic human and labour rights, such as prohibitions on forced labour, the payment of living wages, work safety, health, and livelihood conditions, as well as the empowerment of marginalised groups and individuals. The TRANS SUSTAIN (2021) project identified 127 studies which evaluated the effects of VSS on social outcome variables. Interestingly, the literature evaluates the impacts of VSS on social sustainability issues more positively than for economic and environmental sustainability outcomes. For papers that study social outcome variables, many (39%) found a positive impact, followed by negative impact (35%) and mixed results (26%).

Oxfam (2022a) also conducted a similar review of literature. Some of their findings relevant for the South African wine sector include:

- According to research by Cramer *et al.* (2014), Darko *et al.* (2017), Meemken *et al.* (2019), and Terstappen *et al.* (2013), social standard schemes often improve living conditions for cooperative workers of Small-Producer Organizations. However, the impact on farm workers remains negligible, and the trickle-down effect seems to be almost non-existent. On the other hand, Fair Trade schemes designed specifically for labour-intensive sectors, seem to have a more distinguished positive impact on workers (Darko *et al.*, 2017; Doherty *et al.*, 2020; Krumbiegel *et al.*, 2018). It is worth noting that women are often over-represented in labour-intensive sectors.
- According to Beardon (2020) and Terstappen *et al.* (2013), social standard schemes generally have a positive effect on employment opportunities. However, increased productivity fuelled by higher investment may have a negative effect on required (women's) labour in the short term, as noted by Das (2011) and Dolan (2010). On the other hand, investments in more efficient productive activities have a positive effect in the long term, as reported by Hayes (2006).

- According to Banerji and Willoughby (2019), Darko *et al.* (2017), Doherty *et al.* (2020), Klier and Possinger (2012), Moore (2010), and Terstappen *et al.* (2013), ownership of the means of production, such as land tenure, access to labour, and managerial power, is a crucial factor in determining who benefits from social standard schemes. This reinforces existing socio-economic, gendered, or racial inequalities, as noted by Das (2011), Klier and Possinger (2012), Makita (2012), Staricco (2019), and Terstappen *et al.* (2013).
- According to Krumbiegel *et al.* (2018), Makita (2012), and Terstappen *et al.* (2013), the involvement of third parties such as civil-society organizations, women organizations, non-governmental organizations, activists, trade unions, or local governments has a positive influence on the impact of social standard schemes.
- According to Brown and Getz (2008), Darko *et al.* (2017), and Sutton (2012), there has been a long-standing debate on who should be the primary beneficiaries of social standard schemes: (small-scale) farmers or workers.
- According to Brown and Getz (2008), Makita (2012), McEwan and Bek (2009), Seidman (2008), Staricco (2019), Sutton (2012), and Zahn *et al.* (2022), voluntary social standard schemes may depoliticize labour struggles. However, they are also found to be able to re-organize labour relations, as reported by Beardon (2020) and Terstappen *et al.* (2013).
- According to Balineau (2013), Beardon (2020), Darko *et al.* (2017), and Terstappen *et al.* (2013), social standard certification can create second-order effects for workers under certain conditions. These effects include ripple effects, which improve labour conditions on neighbouring farms, spill-over effects, which lead to higher economic activity in the community due to improved income, and honey-pot effects, which enable certified operations to attract income from other sources such as subsidies or programs.

Based on this review and stakeholder consultations Oxfam (2022a) poses that for social standards schemes to perform better for workers, there needs to be more inclusion of workers (representatives) in, more accountability of, and empowerment by those schemes.

The remainder of this sub-section will provide a chronological overview of literature specifically focussing on ethical trade initiatives (i.e., social standards) in the South African wine sector. The discussion concludes with a synthesis of the main findings of these academic studies.

A paper by Du Toit (2002) discusses the Ethical Trading Initiative's (ETI) pilot project in the South African wine industry and its experience with "local stakeholder participation." The paper argues that the project raises serious questions about the appropriateness and efficacy of "ethical sourcing" as a vehicle for creative global-local engagement. The article explores the limitations of the globalizing "technologies of ethics" deployed by programs like the ETI, which may simply normalize and regularize power relations in trade between North and South. The article also highlights the impact of labour market restructuring in South Africa on the ability of employment standards to address difficulties faced by agricultural workers.

In their article, Bek, McEwan and Bek (2007) explore the role of ethical trade practices in the South African wine industry as a way of engaging with debates about the potential of alternative trade approaches to facilitate socioeconomic development in the global South. The article uses concepts such as commodity chains, networks, and cultural approaches to analyse the complex forces that drive change in the industry, such as national imperatives, international markets, consumer demands, and retailer strategies.

The article focuses on two types of initiatives that aim to promote ethical trade and empowerment in the industry: industry-wide bodies, such as the Wine Industry Ethical Trade Association (WIETA), and grassroots worker-focused schemes on individual estates, such as New Beginnings. The article evaluates the outcomes and challenges of these initiatives and considers the extent to which they represent progressive paths to socioeconomic transformation.

Moseley (2008) provides an in-depth exploration of the South African wine industry, focusing on the historical context, labour conditions, and the impact of various ownership and management arrangements. Since the end of Apartheid, significant changes have occurred in the industry, influenced by international pressures and the policies of the post-Apartheid government.

The study examines the potential of alternative arrangements such as Fairtrade, worker-produced, and black-owned vineyards to bring about real change in labour conditions and the welfare of historically disadvantaged farm workers. The research methods involved fieldwork, including interviews with policy analysts, program managers, white commercial farmers, farm workers, and land redistribution beneficiaries. The study also analysed project documents and policy statements to gain a comprehensive understanding of the industry.

The article highlights the challenges and opportunities associated with Fair Trade certification, worker ownership, and the broader socioeconomic transformation in the South African wine industry. It emphasizes the need for government investment in education, legal support, and protection from international competition to achieve a more multiracial wine industry in South Africa.

Overall, the article provides a critical reflection on the South African wine industry, its historical background, and the potential for positive change through alternative ownership and management arrangements, particularly in the context of Fairtrade standards and global market dynamics.

A study by McEwan and Bek (2009) examines the development of ethical trade in the South African wine industry through a case study of WIETA. The authors analyse the factors that influence WIETA, its impact within the industry, and improvements in on-farm standards. They also explore how these impacts have been shaped by international, national, and local contexts. The paper highlights the need for empirical research that critically interrogates the social and economic consequences of ethical initiatives involving supply chains. The paper provides valuable insights into the development of ethical trade in the South African wine industry and the challenges that need to be addressed.

In an article about Fairtrade in South Africa Jari, Snowball and Fraser (2013) investigate its impact on commercial and small-scale farmers. They present different arguments for and against the inclusion of commercial farms in the Fairtrade model, which was originally designed for small-scale and peasant farmers. It uses a qualitative case study approach to compare the impact of Fairtrade on ten commercial farms and two small-scale farmer cooperatives in the Eastern Cape and Western Cape provinces. It used an impact assessment framework based on six development indicators to analyse the data.

Meade and Ahlid (2016) argue that the issue of freedom of association within the South African wine industry remains a contentious subject even today. While vineyard owners often assert that their employees are free to associate, the workers themselves may tell a different story. This research delves into how the wine industry in South Africa can ensure the right to freedom of association by examining the obstacles to this freedom, the potential for stakeholder alignment, and the impact of globalisation on the sector.

The study gathers the views of key stakeholders in this intricate and evolving industry through semi-structured interviews centred on the rights to freedom of association. The dissertation highlights the specific hurdles to forming unions, such as intimidation, the subjective and psychological nature of the issue, the private ownership of farms, negative perceptions of trade unions, and the challenges in auditing.

These obstacles could be mitigated through aligning stakeholders, emphasising relationship building, and clarifying the roles of industry participants. The dissertation also contends that an excess of conduct codes could hinder the industry's progress towards ethical trade. It suggests that the domestic market could assume greater responsibility and steer the market towards more ethical practices. The insights provided by this research are valuable to international retailers focusing on ethical trade and could inform future policy enhancements in South Africa.

Visser and Godfrey (2017) analyse the impact of social codes on working conditions in the South African fruit and wine farming sectors, focusing on the role of trade unions and NGOs in leveraging these codes. It benchmarks the WIETA and SIZA codes against the Fairtrade code and Sectoral Determination to assess their effectiveness in improving labour standards. The study finds that worker organizations, such as trade unions and labour-oriented NGOs, have limited knowledge of the WIETA and SIZA codes and have made minimal attempts to leverage them to effect improvements for workers. The paper also highlights the challenges faced by worker organizations in leveraging the codes, including low capacity, disenchantment with the codes' effectiveness, and the focus of the codes on the farm rather than the entire value chain. Additionally, it discusses the impact of global retailers and the South African state on the effectiveness of the codes' governance. The study provides insights into the complexities of implementing and enforcing social codes in the agricultural industry and raises important questions about their ability to drive real changes in working conditions and labour relations on farms.

Research by Overton, Murray and Howson (2019) investigates the rise of consumer campaigns promoting ethically responsible food and consumer goods production and how these campaigns have affected wine production in Australia, New Zealand, and South Africa. The paper presents and analyses three case studies of ethically based industrial innovation and the resultant ethical value networks in the case of the wine sector. The case studies include fair trade, organic production, and geographical indications-based networks. The paper discusses the success and limitations of these innovations and how wine producers in these countries have responded to these campaigns. The paper attempts to bring together three different pieces of research that share a common concern but traverse different locations and discourses with rather different methodologies.

A paper by Hastings (2019) examines how South African labour unions have used their connections with Nordic countries to influence labour standards and policies in South Africa and beyond. It traces the historical and political roots of these links, and how they have evolved over time. It also analyses the challenges and opportunities that these links present for labour activism and social justice in a globalized world. The article argues that Nordic links have enabled South African labour to leverage its power and voice in various arenas but also cautions against over-reliance on external allies and donors. It calls for a more strategic and autonomous approach to building solidarity and advancing workers' rights.

According to a study conducted by Saayman and Saayman (2019), 80 percent of wine tourists are willing to pay more for socially responsible wines. The responsible wine consumer is typically younger and a premium of R11 per bottle of wine would be accepted if it signals fair treatment of workers. The study was conducted at the largest wine festival in South Africa, the Wacky Wine Festival in Robertson in the Western Cape.

Maguire, Bridgeman, Marco-Thyse and Erasmus (2022) explore how wine farmworkers in South Africa can co-create ethical value through provenance stories. The article analyses the winery brand stories and the farmworker heritage stories in relation to justice, sustainability and provenance ethical value claims. The article finds that farmworker stories align with some of the dominant market expectations and credence cues and suggests that they could enhance the differentiation and competitiveness of South African wines. The article also highlights the potential of storytelling as a device for fostering inclusion and recognition of farmworkers as valuable stakeholders in the wine industry.

The thesis from Bell (2022) focusses on the inclusion of commercial wine farms in Fairtrade certification. The research poses that South African wine industry, a long-standing sector of the economy, has undergone significant changes since the 17th century, marked by farm paternalism and dependency. Ethical certifications, such as Fairtrade International, have helped the industry transition from its past practices to a more democratic one.

However, the inclusion of large-scale commercial producers in the industry raises questions about whether this social upgrading promotes decent work or perpetuates farm dependency. A 'bottom-up' approach, focusing on workers' independence, has been used to define social upgrading. Four key pillars are applied: regular employment, legally enforceable worker rights, social protection through collective and individual bargaining power, and non-discriminatory social dialogue.

The latest paper on the topic, explores the impact of sustainability governance on inequality within the South African wine value chain (Ponte, des Nair and Chisiro, 2023). It distinguishes between vertical (top-down and bottom-up) and horizontal forms of sustainability governance and provides an original analysis of how they shape inequality within and along value chains. The authors conducted 84 interviews with 94 individuals in 76 entities in 2022, including representatives of various stakeholders in the wine industry. They also utilized secondary documentary and statistical evidence, participant observation, and seminar attendance at industry events. The study highlights the complexities of sustainability governance and its potential to either abet or address existing inequalities within global value chains. It also discusses the challenges and limitations of South-driven sustainability standards and their impact on labour and environmental conditions of production. The paper offers valuable insights into the dynamics of sustainability governance and its implications for inequality within the South African wine value chain.

Table 5 below summarises the main findings from the literature discussed above.

TABLE 5: FINDINGS OF THE LITERATURE REVIEW ON SOCIAL STANDARDS IN THE SOUTH AFRICAN WINE SECTOR

Study	Scope	Findings / conclusions
Du Toit (2002)	Ethical Trade Initiative	• The experience of "local stakeholder participation" in the ETI pilot project in the South African wine industry raises serious questions about the appropriateness and efficiency of "ethical sourcing" as a vehicle for creative global-local engagement. • The globalizing "technologies of ethics" deployed by programs like ETI may simply normalize and regularize power relations in trade between North and South. • Labour market restructuring in South Africa has limited the ability of employment standards to address real difficulties faced by agricultural workers.
Bek, McEwan and Bek (2007)	WIETA / Worker equity schemes	• Ethical trade practices can offer a way of harnessing the forces of globalisation in the interests of the poor and stimulating more equitable forms of development in the global South, by identifying profitable niches in global markets and following a high road to economic growth. • Consumers and retailers in the global North play a significant role in driving change in the South African wine industry, by creating market opportunities and incentives for ethical trade initiatives, as well as pressures and challenges for producers to meet ethical standards and expectations. • There is a complex and diverse array of initiatives that seek to promote ethical trade and empowerment in the South African wine industry • There is a need for multi-level analysis to understand the processes and impacts of ethical trade initiatives, as they involve interactions and negotiations between various actors at different levels, such as local producers, workers, government, NGOs, international retailers, consumers, and institutions.

		• Worker equity schemes, which involve workers owning shares or land in wine estates, have produced mixed results in terms of commercial success, social benefits, and empowerment outcomes, depending on the business models, product quality, market niches, and local contexts of each project. • WIETA: has achieved some initial success in conducting social audits, facilitating debates, and setting policies, but also faces limitations in terms of its scope, criteria, methodology, and enforcement. • Ethical trade initiatives have some potential to contribute to improved working conditions, as well as to enhance the image and competitiveness of South African wines in the global market, but also need to address the structural and institutional barriers that hinder meaningful socioeconomic transformation.
Moseley (2008)	Fairtrade / Worker equity schemes / Black owned vineyards	• The industry has experienced significant changes, including the emergence of black-owned and black co-owned vineyards, as well as the adoption of Fairtrade certification. • There is potential for these arrangements to bring about positive change in the industry and im-prove the welfare of farm workers. • A need for government investment in education, legal support, and protection from international competition to achieve a more multiracial and equitable wine industry in South Africa
McEwan and Bek (2009)	WIETA	Ethical trade initiatives such as WIETA have the potential to bring about positive change in the South African wine industry, but their effectiveness is shaped by a range of factors, including historical legacies, post-apartheid restructuring and legislation, and the role of international retailers.
Jari, Snowball and Fraser (2013)	Fairtrade	• Fairtrade certification of both commercials and small-scale farmers has positive effects on sustainable development, but the former may also create potential competition for small-scale farmers in the market. • Fairtrade should certify both groups but give preference to small-scale farmer cooperatives for commodities whose demand can be met.
Meade and Ahlid (2016)	Freedom of association	• The history of the wine industry is intertwined with the colonial and apartheid era, which has shaped the nation and the labour relations for more than 150 years. The industry still struggles with some longstanding effects of Apartheid, such as education, mistrust, and fear. • The industry has been pressured by international retailers to improve their work practices through different codes of conduct and certifications. However, these codes have limitations and challenges, such as cost-price squeeze, audit deficiencies, and weak relationships. • Freedom of association is a complex and sensitive topic within the context of the South African wine industry. It is a cornerstone of democratic society and labour legislation, but it is often not enforced or respected. It is also related to

		other rights and standards, such as collective bar-gaining and minimum wage.
Visser and Godfrey (2017)	WIETA / SIZA	• Worker organizations, including trade unions and labour-oriented NGOs, have limited knowledge of the WIETA and SIZA codes and have made minimal attempts to leverage them to improve labour conditions. • The leveraging of private codes by workers depends not only on their knowledge and capacity but also on effective vertical and horizontal governance of the value chain by lead firms and the state. • The focus of the social codes on the farm rather than the entire value chain limits their effectiveness in driving real changes in working conditions and labour relations on farms. • Challenges faced by worker organizations in leveraging the codes, including low capacity, disenchantment with the codes' effectiveness, and the impact of global retailers and the South African state on the governance of the codes. • There is a need for multi-disciplinary research to address the complexities of food security and the livelihoods of farm-workers in the context of local and global scales.
Overton, Murray and Howson (2019)	Ethical value networks / South Africa / New Zealand / Australia	• Consumer campaigns promoting ethically responsible food and consumer goods production have led to the rise of ethical value networks in the wine industry in Australia, New Zealand, and South Africa. • Ethically based industrial innovation in the wine sector has taken various forms, including fair trade, organic production, and geographical indications-based networks. • The success and limitations of these innovations depend on various factors, such as the regulatory environment, market demand, and producer motivations. • The upscaling of wine production in these countries faces challenges such as the tension between ethical values and economic imperatives, the need for coordination among stakeholders, and the potential for power imbalances in value networks.
Hastings (2019)	WIETA / Labour unions / Scandinavia	• South African labour unions have established strong and enduring links with Nordic countries, dating back to the anti-Apartheid struggle and continuing in the post-Apartheid era. • These links have enabled South African labour to influence labour standards and policies at the national, regional, and international levels, as well as to ac-cess financial and technical support from Nordic partners. • These links have also faced various challenges, such as changing political contexts, diverging interests and agendas, and dependency issues. • These links require a more strategic and autonomous approach from South African labour, in order to maximize their potential and avoid pitfalls.
Saayman and Saayman (2019)	Willingness to pay	Most local wine consumers are willing to pay more for ethically sourced South African wine.
Maguire, Bridgeman, Marco-Thyse and Erasmus (2022)	Ethical value / Provenance stories	Wine farmworkers in South Africa have a rich and diverse heritage that can contribute to the ethical value claims and value creation of South African wines. Provenance stories can

		be a useful mechanism for integrating farmworkers into the wine value chain and recognizing their role and identity.
Bell (2022)	Fairtrade / Social upgrading / Dependency	• Practices of dependency and paternalism continue some large-scale commercial wine farms, with benefits locking farmworkers into marginally improved conditions and ceasing if they leave the farm. • The inclusion of commercial farmers within Fairtrade certification may create a top-down form of social upgrading, locking farmworkers into marginally improved conditions and facilitating a global poverty network. • Where meaningful, bottom-up social upgrading may occur on South African wine farms, the study suggests that this is despite the presence of Fairtrade and not a result of it.
Ponte, des Nair and Chisiro, 2023	Fairtrade / WIETA / Integrated Production of Wine / Certified Heritage Vineyard / WWF Conservation Champions / Supply chain inequality / Governance	• Most wine producers perceive the compliance with social standards as a "must have" for exporting wine to the EU. However, relative high compliance costs with, often multiple, standards are not offset by improved market access and prices resulting in pressure on profitability. • Lower profitability has resulted in many wine farmers moving to other crops and many cellars have been bought by foreign capital. • The South African wine sector lags on transformation but is internationally ahead in terms of some aspects of social (labour) standards. • South-driven sustainability initiatives have not been able to soften the requirements of North-driven sustainability standards. • Local social standard schemes (horizontal governance initiatives) have had a limited impact on addressing the past and current exploitation of labour and the exclusion of black and women entrepreneurs. • Overall, sustainability governance has been fairly 'neutral' in relation to race and gender inequality within the chain – in other words, it is abetting existing patterns of inequality. • Vertical top-down social standard initiatives, instigated by global retailers, rarely focus on ownership and access issues. • The most successful social sustainability initiatives have revolved around preferential procurement for BEE firms and the upskilling of the workforce. • Some more successful vertical bottom-up initiatives (instigated by individual firms) were developed by the wealthier producers / cellars. • Sustainability per se does not pay for the initial stages of the wine value chain operators, and for wine grape farmers in particular. • Sustainability governance, even when it includes substantial South-driven components, can uphold existing inequalities in global value chains. • North-driven sustainability demands are still paramount in shaping producer practices and partly.

4.2.2 Popular publications

This section will briefly summarise some reports from international Civil Society Organisations (CSO) and research institutions focussing on labour conditions and social standard schemes in the in the South African wine sector.

Human Right Watch (HRW) published a report in 2011 titled "Ripe with Abuse" about the human right situation in the South African fruit and wine sectors. The report argues that South African farmworkers, who produce fruits and wines, face significant challenges in their society. They work long hours in harsh conditions, expose to toxic pesticides, earn low wages, and are denied legal benefits. Union formation is low, and insecure land tenure rights make them vulnerable to evictions or displacement. These practices are perpetrated by farm owners or managers, who are subject to government regulation. However, the government has failed to protect the rights of farmworkers and farm dwellers or ensure farmers comply with national law.

HRW (2011) poses that the problems faced by farmworkers and farm dwellers are not unknown to the South African government, farmers, or retailers who purchase their products. Civil society campaigns and private sector efforts have led to some private sector efforts to improve farm conditions. However, the steps taken by the government and private actors have not been sufficient to bring the overall conditions in the Western Cape agricultural sector in line with the basic standards set forth in South African law and industry codes of conduct.

The report ultimately makes the following recommendations for industry actors (HRW, 2011):

- Department of Labour: Ensure compliance with existing labour and health protections by filling all labour inspector vacancies and ensuring that labour inspectors always speak with workers when conducting inspections. Enforce the rights of foreign and other migrant farmworkers to benefits to which they are entitled. Revise the Protocol for Access to Farms to ensure that labour inspectors will not set up advance appointments with farm owners.
- Department of Rural Development and Land Reform: Ensure the protection of farm dwellers' rights under existing law by prioritizing work by Department employees to support persons facing evictions from farms. Create a system to track evictions from farms.
- National government and municipalities: Ensure that farmworkers and farm dwellers are included in government housing plans. Devise plans that address the short-term shelter needs of evicted farm dwellers.

- Farmers' Associations: Implement and monitor the Agri West-Cape Code of Conduct. Expand unions' access to members' farms before recognition agreements are in place.
- Industry bodies and ethical trade bodies: Promote access of unions onto members' farms and better working conditions across all farms.
- Retailers: Put pressure on suppliers to comply with the law and to improve labour, health, and housing conditions. Ensure that the standards contained in the ETI Base Code are respected on supplying farms.
- International consumers: Inquire into the human rights and labour rights conditions on farms that grow the products they purchase.

The HRW (2011) report ultimately also highlights a few best positive practices. In a few instances, farmworkers have reported that their employers comply with all relevant South African laws and respect the full range of workers' rights. In fact, in some cases, farmworkers and farm owners have observed that employers have implemented a range of beneficial practices for farm workers that go beyond what is legally required. These practices have ranged from small to large initiatives and include: providing food from the farm's garden, free transport to town, paying for healthcare, providing free food during the off-season, providing creches on the farm, paying for school fees, alcohol abuse intervention, educational programs, worker's trust, shareholder equity schemes. The motivation of farm owners for these best practices were "doing the right thing, increased productivity, and increased sales.

A 2017 study commissioned by Oxfam/BMZ and carried out by the Women on Farms Project (WFP) investigated the nature and extent of non-compliance and labour rights violations on commercial farms in the Western Cape and Northern Cape (Devereux *et al*., 2017). The study applied a mixed-method approach and a total of 343 questionnaires with both permanent and seasonal female farm workers were completed. The report argues that the findings cannot be generalised but are indicative for the marginalised position of female workers in the wine sector.

With regards to labour contracts, the study found that 39 percent of the sample did not have a formal about contract. Of the respondents who did, a large majority did not receive a copy of the contract. In terms of wages, 75 percent of the female seasonal workers indicated that they did not receive the legal minimum wage. It was often viewed that the daily work targets were unrealistic which thus result in receiving a lower wage.

On occupational health and safety, the report flags the absence of toilets for workers in the vineyard, the exposure to pesticides, injuries on duty that go unreported and inadequate housing. The report confirms that trade union membership is low, with only 12 percent of female farm workers who have joined a union. Furthermore, the report also affirms that government does not effectively enforce local labour laws as 70 percent of the respondents state that they have never seen an inspector from the Department of Labour (Devereux *et al*., 2017).

A 2020 report compiled by the Centre for Research on Multinational Corporations (SOMO) and The Trust for Community Outreach and Education (TCOE) focussed specifically on the working conditions on wine farms supplying Dutch supermarkets. Their report builds on previous research complemented by field research and concludes that labour conditions, living conditions and freedom of association are all contested subjects in South Africa.

The SOMOS and TCOE (2020) report argues that the main issue regarding labour conditions on wine farms revolve around externalisation and casualisation of workers; with farm owners outsourcing work to labour brokers. These brokers hire casual workers, making it difficult for them to secure permanent contracts. This leads to tensions among different work-seeking groups. Furthermore, the report finds that occupational health and safety issues persist, particularly in the use and storage of pesticides.

Another pressing issue raised in the report is that of housing for farmworkers. Between 1984 and 2004, nearly 4.2 million people were displaced from farms in South Africa, often ending up in informal settlements without basic facilities. Farm workers have the right to live on the land under the Extension of Security of Tenure Act (ESTA), which protects them from eviction and homelessness (see also Sub-section 4.1.2). The skewed land-holding pattern makes it difficult for poor rural people to create food security and livelihoods. The report argues that farm owners are increasingly less inclined to provide housing, particularly for women, and often provide substandard and inadequate sanitation. Workers fear evictions due to vacant houses, ungranted permanent housing rights, and poor maintenance.

The final issue highlighted by SOMOS & TCOE (2020) is freedom of association. Their literature and field research, poses that labour relations on farms are currently oppressive. The dependency on housing exacerbates the unequal power dynamics, which in turn hinders social dialogue, freedom of association, and collective bargaining. They argue that is a deep mistrust between farm owners and union organizers, and farmers try to restrict access to their property and dissuade workers from joining a union.

On the way forward SOMOS & TCOE (2020) note that several initiatives have tried to improve the situation for workers on grape farms, most notably the local improvement scheme Wine and Agricultural Ethical Trading Association (WIETA, see also Section 4.3) WIETA is the largest certification scheme for wine producers and grape farmers in South Africa. However, audits have limitations, as they are the property of the WIETA member who paid for them and are not shared or publicly available. Workers find it difficult to trust WIETA auditors, as they are seen as too close to management. Although WIETA acknowledges the need to involve trade unions and NGOs, the relationship between these parties is currently difficult.

The report argues that the most problematic issue with WIETA and certification schemes is that they cannot guarantee that the situation for workers will improve. Corrective action plans may not always lead to solutions for structural issues like discrimination, lack of freedom of association, and low wages. Supermarkets need to be proactive and report on this process to achieve sustainable supply chains. Dutch supermarkets like Albert Heijn and Jumbo are showing willingness to implement due diligence policies, but steps to seriously improve local working conditions have not yet been taken.

Dutch supermarket chain Albert Heijn commissioned ICCO[25] in 2021 to conduct a Human Rights Impact Assessment (HRIA) for its supply of wine from South Africa. In 2019 Albert Heijn declared its commitment to the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. The UNGPs were adopted in 2011 and are widely accepted by governments, businesses, and civil society. They require all companies, regardless of their size, to respect human rights throughout their supply chain, and to prevent negative impacts on the rights of all stakeholders, including suppliers and surrounding communities. The UNGPs provide a global framework for companies to follow. The OECD Guidelines on Multinational Enterprises were revised in 2011 to include the UNGPs and to expand their scope to environmental risks (ICCO, 2021).

The HRIA assessment focusses on the production phase of (bulk) wine by one key supplier of Albert Heijn, uniWines, and its three facilities: Daschbosch cellar, Goudyn farm, and Pokkekraal farm. The certifications and standards that uniWines adheres to, include Fairtrade, IPW, WIETA, and BEE. Although the ICCO (2021) report only

[25] Dutch: Interkerkelijk Coördinatie Commissie Ontwikkelingssamenwerking. In 2021 the organisation merged into Cordaid.

focuses on one company it provides some insights on key human rights issues related to labour conditions, wages, environment, land use and property rights, and community impact in the South African wine sector.

The main conclusions of the report are that the Daschbosch cellar and the two farms perform well on most of the human rights issues, and comply with international human rights norms and South African regulations. No major issues of concern were found, and the workers seemed to be satisfied with their working and living conditions. The report identifies some areas where further improvements are possible, such as housing, workers representation, occupational health and safety, hours and contracts, discrimination, and grievance mechanisms. The report provides specific recommendations for each area, such as ensuring adequate maintenance of the houses, enhancing the communication and consultation with the workers, providing more training and protective equipment, ensuring compliance with the legal limits on working hours and overtime, increasing the representation and participation of women and seasonal workers, and strengthening the grievance procedures and awareness.

The ICCO (2021) report acknowledges that the wages paid by the cellar and the farms are above the legal minimum wage and the sectoral determination, and that the workers receive various benefits and incentives. However, the report also notes that there is a gap between the minimum wage and a living wage in the Western Cape province, and that the wages are not sufficient to cover the basic needs of the workers and their families. The report suggests some ways to address this gap, such as engaging in effective and favourable collective bargaining, bridging the living wage gap through various measures, and monitoring compliance to living wage standards.

A recent case study by Oxfam (2022b) focuses on women migrant workers employed on wine farms in South Africa that supply German supermarkets. The study finds that 37% of the 105 migrant women surveyed earn less than the minimum wage prescribed by law, and many of them have no employment contracts, social security, or received unemployment compensation during the COVID-19 lockdown. The study reports that the migrant women are exposed to pesticides, lack of toilets and drinking water, and unrealistic harvest targets that force them to work long hours without breaks. Many of them suffer from health problems and injuries as a result.

The Oxfam (2022b) study further documents that the migrant women experience racism, sexism, and xenophobia from farm owners, supervisors, and local workers. Some of them also face sexual exploitation, harassment, and abuse in order to get or keep their jobs. The report explains the difficulties and dangers that migrant workers face in obtaining and maintaining valid work and residency permits in South

Africa1. It also illustrates how the fear of deportation prevents migrant workers from asserting their rights and reporting violations to the authorities or unions.

The report found that many migrant workers leave their countries to escape poverty and find better opportunities elsewhere. Some migrant workers flee from conflicts, persecution, or human rights violations in their home countries. For instance, many women from Zimbabwe reported that they had been subjected to sexual abuse by their husbands and decided to leave. Furthermore, many of the surveyed migrant workers have relatives or friends who are already working in the destination countries and can help them find employment, accommodation, or support. The last part of the case study discusses the barriers and opportunities that migrant workers have in organizing themselves and joining unions or other groups to defend their rights and interests.

Some of the German supermarkets were confronted with the findings of the Oxfam report and promised to investigate and follow up. Most of the wine farms in the case study had at least one certification regarding social standards. In South Africa, the Wine and Agricultural Ethical Trade Association (WIETA) or Fairtrade are the most widely used standards. These certifications are based on social audits, which are used to identify human rights abuses, labour rights, and environmental protection standards. However, social audits are often ill-fitted to identify certain abuses, such as the payment of excessively low wages, and may not be sufficient to prevent human rights abuses. Numerous studies have shown that social audits are often ill fitted to identify certain abuses, such as the payment of excessively low wages. For example, companies may show auditors falsified payroll records. The farms on which the report found violations of labour law had nevertheless obtained at least one certification. The authors of this Oxfam study criticize these certification standards as an instrument that serves management rather than providing genuine reinforcement of workers' rights.

The Oxfam (2022b) report criticizes the role of German supermarkets in exploiting workers in South Africa, who produce the products sold in their stores. It claims that the supermarkets have enormous market power and can dictate prices and working conditions. It also reveals that the supermarkets' profits increased by up to 30% in 2020, while the workers suffered from low wages or unemployment.

The report furthermore calls for the German government to adopt a law that would require companies to conduct human rights due diligence along their supply chains. It argues that such a law would ensure that companies respect the rights of workers and communities in the countries where they source their products. It also cites examples of other countries that have introduced similar legislation or initiatives.

The report finally provides a list of recommendations for the German government, German supermarkets, and consumers. Some of the recommendations include adopting a binding human rights due diligence law, increasing transparency and accountability, improving wages, and working conditions, supporting small-scale farmers and fair trade, and raising awareness and promoting ethical consumption.

One of the most recent reports on labour conditions in the South African wine sector was published by Finnwatch in 2023 (See also Section 4.1.1.2). It focuses on three wine farms that supply Alko, the national alcohol retailing monopoly of Finland. This report poses that the problems in wine production are rooted in the colonial and Apartheid history of South Africa. The report describes how the unequal land ownership, the exploitation of migrant workers, and the paternalistic relations between farm owners and workers have shaped the wine industry for centuries. The report further explains how the government's restrictions on alcohol sales, exports and production during the Covid pandemic have left many migrant workers unemployed and forced them to return to their home countries. The report also notes the difficulties in conducting responsible sourcing audits during the pandemic.

Finnwatch (2023) argues that the legal minimum wage is not enough to cover the basic needs of workers and their families. The report compares the minimum wage with the living wage calculated by the Global Living Wage Coalition for the Western Cape province (see also Section 4.1.1.3). The report also criticizes the quality and availability of housing provided by the farm owners.

The Finnwatch (2023) report recommends that Alko and its suppliers adopt and implement human rights due diligence processes, conduct regular audits and assessments, and disclose information about their suppliers and subcontractors. The report also suggests that Alko and its suppliers should support the efforts to redistribute land ownership more equitably, and promote the participation and empowerment of black workers in the wine industry.

The reports discussed in the preceding part of this sub-section all paint a relatively bleak picture of the labour conditions on South African wine farms. This despite local legislation and compliance with various social standard schemes.

4.2.3 Analysis of compliance cost

This review concludes by briefly looking at the cost of compliance with social standards. A few studies have focused on this dimension and only Collinson (2001) has analysed the business costs of these standards for specifically the Ethical Trade Initiative (ETI: see also Section 2.4.5) in the South African wine sector. Besides the cost of compliance this study also investigated the gains in labour productivity and management efficiency. Collinson (2001) finds that due to the fact that wine farms have varying starting points for compliance, it is improbable that any two farms will encounter the same compliance costs. In the Western Cape conditions differ significantly both across and within wine regions. The study argues that making generalisations about compliance costs should be avoided.

The study used four wine cellars as case studies and found that their annual cost of compliance with the ETI social standard code ranged between R 32 000 (€ 3 232) and R 436 000 (€44 040). The annual costs were estimated for a six-year period and proportionally accounted for 0.1 to 30 percent of annual turnover for the different wine cellars. These business costs are for indicative purposes only as the study took place more than a decade ago.

Collinson (2001) also breaks down these costs into the different areas of compliance as stipulated by the ETI social standard code. The introduction of a living wage for permanent and casual workers is associated with the largest compliance costs. It is unsurprising that farms with a long history of improving worker welfare face zero or minimal costs in this regard. The second largest category of costs is management time spent on planning, implementing, and maintaining compliance. The capital expenditure cost is minimal for all four case studies apart from some housing upgrades. Monitoring and verification costs are zero as for ETI these are paid for by the supermarket members.

The study further argues that allowing the wine farms to differentiate between the terms and conditions of permanent workers and those of seasonal workers would reduce compliance costs significantly. Anecdotal evidence from the four case studies suggest that a sustained high level of worker welfare will increase labour productivity and management efficiency on wine farms.

Looking at the other end of the wine supply chain, the buyer, the Collinson (2001) study argues that it is highly unlikely that UK supermarkets will compensate South African wine farms for incurring cost to comply with the ETI code. One of the reasons is the difficulty of measuring each farm's cost. Supermarkets may argue that efficiency gains partly offset compliance cost. In the same line, it is unlikely that supermarkets will lower margins or increase their retail prices of South African wine to compensate suppliers.

The next sub-section will provide an assessment of the different socials standards schemes in the South African wine sector.

4.3 An overview and comparison of social standards schemes

This sub-section links to research objective 3 and provides an overview and comparative analysis of the three ethical trade initiatives (i.e. social standards schemes) in the South African wine sector.

4.3.1 Introduction

Section 2.4.5 briefly introduced the four social standards schemes that are most prevalent in the South African wine sector. As discussed, these codes are part of a wide array of Voluntary Sustainability Standards (VSS) which are an important tool to internalise social, environmental, and economic concerns in international trade. VSS thus comprises of certification schemes, labelling programs and private standards (UNCTAD, 2021). Social standards specifically aim to make the global value chains (GVC's) more sustainable from producer to consumer by stipulating certain production and process requirements in terms of human rights and labour conditions. Apart from regulatory frameworks, VSS may also set standards for instance for capacity buildings of producers and workers or awareness campaigns (e.g. alcohol abuse amongst workers).

UNCTAD (2021) poses that global value chains, such as for wine, facilitate the spread of social and environmental standards across production processes. They argue that GVCs can be governed in a manner that promotes economic, social, and environmental upgrading. This upgrading process entails addressing negative social and environmental impacts in GVCs and contributes to better protection of social and environmental standards.

There is myriad of VSS (see also Section 2.4.5) which all differ in terms of scope, design, and effectiveness. UNCTAD (2021) argues that the uptake of VSS in developing countries face several barriers such as limited resources and capacity, high cost of compliance, lack of incentives and distrust between channel members. On the impacts of VSS the UNCTAD (2021) study states that it hinges on two key factors: adaption effectiveness and on-site effectiveness. Their review of literature shows both positive and negative effects (see also the previous section).

For VSS to be successful, it is essential to have a critical mass of standard-compliant markets. This requires economic actors at all levels, from producers to consumers, to adopt standard systems voluntarily (Cashore *et al.*, 2004; Büthe 2010; Vogel 2008). Once adopted, third-party audits are conducted to ensure compliance. This certification is necessary to gain access to standard-compliant markets (Dietz *et al.*, 2018). In case of non-compliance, de-certification can be used to sanction producers who violate the requirements and exclude them from standard-compliant market (Grabs, 2020).

According to Oya *et al.* (2018) the adoption of VSS should lead to interventions and behavioural changes within the supply chain to ultimately improve social and environmental sustainability outcomes. In this regard, UNCTAD (2021) poses that that there are four distinct interventions of VSS:

1. Market intervention: When a VSS is adopted, downstream value chain actors may offer preferable economic conditions to producers who comply with the standard. This can include paying price premiums. As a result, producers will improve their incomes and well-being.
2. Regulatory interventions: VSS require participants to invest in their production practices to comply with basic human and labour rights, as well as environmental standards. For example, specific pesticides are prohibited, and protective gear must be provided to workers. Hence, producers must upgrade their practices which should lead to improved environmental and social sustainability outcomes.
3. Capacity building interventions: This involves training and education for certification holders. For example, producers can be trained in good agricultural practices (GAP) and professional management skills. As a result, productivity and yields can rise. Capacity building can thus ultimately be associated with improved economic and social sustainability, such as higher household income and increased involvement of women in decision-making.
4. Awareness raising interventions: This pertains to certification holders conducting awareness-raising events. For example, awareness-raising events on women’s empowerment can be conducted. This can lead to improved social behaviour and sustainability outcomes.

The review of literature in the previous section already extensively discussed the impact of social standard schemes. Just to re-iterate, UNCTAD (2021) argues that the impact pathways of VSS on the economic and social sustainability of trade relations can be as follows. VSS aims to improve profit and power sharing between developed and developing countries' primary goods producers within GVC's. By requiring downstream value chain actors to pay price premiums for standard compliant products, VSS aims to facilitate more egalitarian profit-sharing within GVCs. Additionally, VSS may increase the profits of certified producers through training to improve product quality and productivity, ultimately promoting economic sustainability.

International trade can benefit workers, particularly in developing countries, by increasing economic production and boosting wages. However, many workers in low-income countries work under conditions that violate basic human rights, including unfair wages, unsafe working environments, and gender inequality. VSS, which incorporate international labour and human rights standards, can be a new regulatory tool to address these issues in international trade and production and thereby improving social sustainability.

The next sub-sections will delve deeper into the different the social standard schemes relevant to this case study.

4.3.2 Fairtrade International

Background

The Fairtrade Foundation was established in 1992 and stemmed from a cooperation between CAFOD, Christian Aid, Oxfam, Traidcraft, the World Development Movement and the National Federation of Women's Institutes (Fairtrade, 2023a).This was after a call from Mexican small-scale coffee farmers to make trade fairer. The organization established proprietary criteria pertaining to labour practices, cooperative structures, and the administration of Fairtrade advantages. The first Fairtrade certified products was chocolate made from cocoa from Belize launched in 1994. Soon after more products such as tea, coffee and bananas followed.

In 2004, the organisation was split up into two independent entities. Fairtrade International is responsible for the creation and evaluation of Fairtrade norms, and it aids producers in obtaining and retaining certification while also helping them exploit opportunities in the Fairtrade market. FLOLOCERT guarantees that both producers and traders adhere to the Fairtrade Standards, and it ensures that producers allocate the profits gained from Fairtrade towards their growth. It operates autonomously, devoid of any external influences, and adheres to the international ISO standards applicable to certification bodies (ISO 65).

Fairtrade International aims to restructure trade networks in a way that is fair to producers and workers, and promotes social development through economic transactions. The organization uses consumer purchasing power as a driving force to achieve this goal (Levi and Linton, 2003; Keahey *et al.*, 2018). The organisation has primarily focused on small-scale producers, offering them the chance to be certified as Fairtrade producers if they meet the required criteria (Jari *et al.*, 2013).

However, Jari *et al.* (2013) explains that the South African wine industry is an exception to this practice. Not without contention, Fairtrade International has extended the adoption of its label to large-scale, often well-established commercial wine farms. The certification of commercial wine farms differs from the organisation's standard certificatory practices. However, it is intended to remain consistent with the central aims of the fair-trade movement while adapting to the unique context of the South African wine industry (Herman, 2012).

Fairtrade International has established certificatory procedures and operating standards. One of its most significant standards is the minimum price that must be paid to producers for their products under its own label (Robbins, 2013). The Fairtrade label operates by certifying producers and traders who sell Fairtrade products at a higher market price. A portion of the sale price is allocated towards a Fairtrade premium, which is intended to improve worker wages and facilities.

The Fairtrade Label certifies producers and traders who sell Fairtrade products at a higher market price. A portion of the sale price is allocated towards a Fairtrade premium, which is intended to improve worker wages and workplace facilities (Dragusanu *et al.*, 2014). This provides a market-based solution to socio-political issues such as poverty by linking ethics-orientated consumers with producers who provide products that are certified to be fairly sourced and traded (Robbins, 2013).

Consumers choose to buy Fairtrade products due to the promise that part of the product's price will go to the development and upliftment of economically marginalized groups (Cramer *et al.*, 2014). On the other hand, producers choose to adopt the Fairtrade label (and meet the organization's certificatory standards) to access Fairtrade buyers who are willing to pay higher prices to facilitate the creation of Fairtrade premiums (Dragusanu *et al.*, 2014). In this way, Fairtrade International aims to restructure global production networks to facilitate international development through market-based actions.

According to Dragusanu *et al.* (2014), Fairtrade standards are characterized by six mechanisms that are used to ensure fair practices within Fairtrade production networks. These include:

1. Price floors: setting of a minimum price to ensure that producers and their workers obtain liveable wages. For a product to be sold under the Fairtrade label all members along the supply chain must be certified and the premium thus not applies to non-certified buyers (Sidwell, 2008).
2. Fairtrade premium: an additional amount paid to producers above the actual cost of production. It is intended to be used for social development through means such as improved worker salaries and housing, as well as investment in community facilities such as schools and clinics. The aim of the premium is also to improve relationships between producers and buyers. After all, the act of buying fairtrade products is intended to connect consumers with producers in order to improve labour conditions.
3. Access to credit: buyers of fairtrade products are obliged to enter into long-term contracts with producers and to provide certain types of credit.
4. Improved working conditions: this entails freedom of association, safe working conditions, and fair wages.
5. Institutional structure: the establishment of fairtrade cooperatives by small-scale farmers. This is less applicable to the South African wine sector.
6. Environmental protection: production practices must not harm the natural environment.

According to Keahey *et al.* (2018), Fairtrade International has grown from a grassroots movement to a multi-billion-dollar initiative that operates in 129 countries. Furthermore, over 2 million farmers and workers are involved in the scheme as well as 1930 producer organisations (ITC, 2023). This growth illustrates the significant expansion of the organization and the exchange of Fairtrade products.

Certification

As mentioned above, FLO-CERT is the independent body that manages the accreditation and certification process of Fairtrade International. Prospective Fairtrade producers or traders apply to FLO-CERT, which inspects them for their eligibility for certification (Murray and Raynolds, 2007). The Fairtrade certification process is structured in accordance with the Fairtrade Standard Operating Procedure. All organizations/companies wishing to transact using the Fairtrade label on their products are required to receive a license from a National Fairtrade Organization or Fairtrade International.

Any application needs to fall within the product, country, and company/organisation scope of Fairtrade International. To verify this, new applicants must complete an application questionnaire and will have to pay an application fee to FLO-CERT. If the application is successful, an initial certification fee is to be paid after which an on-site audit will be conducted. In this second step an FLO-CERT auditor will visit the farm and will check the various compliance criteria by inspecting facilities and documentation as well as by conducting interviews with workers. The criteria are categorised into "core criteria" and "major criteria".

If this is completed successfully a certification for the first one-to-three-year cycle is issued to the producer or trader. In the second year of the certification cycle FLO-CERT conducts unannounced and focused audits. Renewal of the certification takes place in year three after which the same cycle repeats.

Producers and traders must pay for the annual re-certification. After each audit a report with the non-conformities is compiled which is discussed with the producer / trader. The audited party is then entitled to propose corrective measures which need to be implemented within two months. In severe cases, de-certification may take place after which the audited party can appeal or apply for re-certification.

The audit process checks for compliance with a wide range of standards which differ per industry, product and company structure. For the South African wine sector, which mainly consists of large-scale producers, the relevant Fairtrade standard is the one for hired labour. In conjunction with the auditing cycles this standard has specific requirements for year 0, 1, 3 and 6 (Fairtrade, 2023b).

The hired labour standard for years 0 and 1 pertain to core requirements such as accepting unannounced audits, appointing a Fairtrade officer within management, establishing a Fairtrade Premium Committee, and sharing information and auditing results with labourers. By year 3 the standard stipulates occupational health and safety measures, free occupational healthcare and suitable housing and sanitary facilities for workers (Bell, 2021). By year 6 the hired labour standard includes requirements such as child day care, recreation and canteen facilities.

Apart from these specific standards, the Fairtrade certification specifies the compliance with some overarching principles for (wine) producers such as fair wages, occupational health and safety, no forced labour, environmental sustainability, no child labour, financial transparency, and public accountability. To take cognisance of local conditions and circumstances, FLO-CERT has in many instances delegated the auditing process to regional branches. For South Africa this is FLO-CERT South Africa (Kruger and Du Toit, 2007).

Fairtrade in South Africa

According to Herman (2012), South Africa is one of Fairtrade’s most prominent African partners. Most of the of the local Fairtrade certified producers operate in the wine sector. More than 80 different wines from South Africa currently bear the Fairtrade label (Fairtrade Africa, 2023). The only two other local sectors with Fairtrade producers include fruit and the rooibos tea.

The Fairtrade labelling process has been adapted to recognize the unique historical factors that shape South Africa’s contemporary political, economic, and spatial dynamics (Zackrisson and Apelberg, 2016) which was defined by Apartheid. The South African agricultural sector exhibits spatial inequality, with a well-developed and predominantly white commercial sector and a primarily black small-scale sector oriented towards subsistence farming (Herman, 2012).

A report by Fairtrade Africa (2010) highlights that South Africa's history of Apartheid has resulted in the majority of historically marginalized black people being reliant on wages rather than small-scale agricultural activities. The marginalization of black farmworkers has a distinct impact on women through practices and ideologies of paternalism, as noted by Sylvain (2001). Raynolds and Keahey (2008) highlight that gender equity is a crucial aspect of Fairtrade’s social agenda. Hence, in 2010 the Fairtrade Gender Strategy was introduced to set a clear direction for FTI’s global work on gender equity and equality. Fairtrade standards stipulate that hired temporary labour is entitled to the same benefits an employment conditions as permanent workers. This is important as women make up a large proportion of the seasonal labour force on wine farms (see also Section 2).

Only a marginal proportion of the wine farms in South Africa are small-scale producers. Therefore, (as mentioned) the Fairtrade certification was extended to and adjusted for large-scale wine farms. This is underpinned by the view that more could be gained by transforming this section of the wine industry and furthermore, align the application of Fairtrade with existing government policies and programmes to address spatial and economic inequalities (Keahey, 2016).

4.3.3 Sustainability Initiative of South Africa - SIZA

Background

The Sustainability Initiative of South Africa (SIZA) was established in 2008 by the South African fruit industry in order to develop a single South African-based ethical standard and program for the sector (SIZA, 2023a). This was in response to the need to provide retailers and their consumers with assurances of fair labour practices in their supply base.

In 2016, SIZA became an independent and self-sustainable non-profit organization governed by an independent Board of Directors who represent the diverse membership and value chain that financially sustain the program. SIZA is a membership-based programme catering to more than 30 different commodities across all nine provinces in South Africa. The programme aims to harmonize ethical and environmental code requirements to assist growers in complying with ethical labour practices and environmental stewardship while minimizing costs (SIZA, 2023a).

The SIZA Programme focuses on promoting environmental assurance, ethical trade, and improved working conditions in South African agriculture through five focus areas. These include (SIZA, 2023a):

- Market engagement: effective communication and stakeholder engagement throughout the value chain are essential to maintain market access and reach new markets.
- Monitoring and verification of ethical compliance and environmental assurance requirements: this is done through self-assessments and third-party audits where SIZA independently oversees the entire compliance process.
- Audit oversight programmes: this includes a range of tools and oversight programmes which manage risks in-between audits. This includes site visits, pre- and post-audit support, liaison with third-party auditing firms and assistance with corrective measures. The oversight programme assures the availability of trustworthy audit data to global markets.
- Digital monitoring: this is done through key performance indicators such as water-use efficiency, carbon emissions, and waste production. The SIZA digital recordkeeping facility enables producers, packhouses and processors to check whether they are on track and provides buyers access to performance measures.
- Capacity building programmes: to support farmers, including emerging farmers[26], with the implementation of social and environmental production standards. This is done by creating awareness, skills development, and training. These programmes are mostly focussed on areas where non-conformity is an issue.

[26] A term used to refer to black farmers who are new entrants into the industry as part of land reform and economic transformation initiatives.

Numerous resources are also available via the SIZA website and the MySIZA member platform.

- Remedies and best practices programmes: ensure a balanced approach of ethical and environmental practices.

SIZA has developed an environmental and a social standard. The latter has as goal to continuously improve the labour conditions on farms in a practical and comprehensive manner which benefits both producer and labourers. As the South African fresh produce industry has been under scrutiny for labour practices since 2006, Fruit South Africa has been developing a converged approach to ethical trade, based on global best practices. SIZA is thus responsible for developing the standard, which uses local legislation and international requirements.

The SIZA Social Standard is based on the following eight code principles and requirements (SIZA, 2023a):

1. Commitment to implementing management systems
2. No forced and bonded labour
3. No Child Labour and young workers
4. Freedom of association and collective bargaining
5. No discrimination, harassment, and abuse
6. Health and safety
7. Working hours
8. Wages, benefits, and terms of employment

The social standard provides a principal statement for each of the code principle (see above). Each code requirement has a benchmark which refers to evidence required to indicate compliance and identifies the applicable South African legislation as well as guidance notes to provide practical information on implementation of the requirement (SIZA. 2020). The social standard undergoes a three-year review process to ensure relevance and compliance with the latest legislation and market requirements.

Furthermore, South Africa is a signatory to numerous ILO conventions which have been incorporated into local legislation. References to these local regulations are included the SIZA Social Standard. In order to increase visibility, as well as to gain and maintain global acceptance, SIZA audits can be automatically shared via the Sedex[27] and GlobalGAP[28] platforms.

Membership of SIZA is open to producers, retailers, exporters, importers, and other stakeholders across the agricultural supply chain (e.g. industry organisations, audit firms, training providers). In 2023, SIZA had a total of 2 232 members (SIZA, 2023b). A total of 981 members (445) are registered for the social standard only. Hence, the majority is registered for both the environmental and social standard.

The SIZA membership is divided into 16 different levels across the supply chain. At the primary level of production, it distinguished between producers, producers with packhouses, emerging farmers, labour brokers, packhouse/processing facilities, and multisite operations. The latter entails multiple production locations and / or activities. Almost half (47%) of the SIZA members are single site producers, followed by producers with packhouses (24%) and multisite operations (11%). Five percent of its members consists of emerging farmers (SIZA, 2023b).

By far, most of the SIZA members are located in the Western Cape Province which is not surprising as most fruit production takes place in that province. Although the SIZA standard was initially developed for the fruit industry its membership now covers most sub-sectors of South African agriculture such as vegetables, livestock, and wine. However, membership numbers are still dominated by the citrus, stone, and pome fruit sectors. Wine grape producers currently make up just over five percent of SIZA's total members.

Certification

SIZA has adopted a third-party audit approach to ensure a credible and objective process that reflects the audit outcome and ethical labour practices in an agricultural business. The organisation makes use of a total of eight independent local auditing firms. A SIZA social (ethical) audit is aimed at assisting people living and working in agriculture to drive ongoing improvement in terms of socially responsible business practices (SIZA, 2023a). Hence, SIZA (2023a) argues its programme is rather improvement-led than audit-led. The organisation audits and certifies compliance, but does not issue a product-label.

[27] Sedex is one of the largest global data platforms for sustainable supply chain assessment.

[28] Global Good Agricultural Practices (GAP) is an assurance programme for sustainable farming.

The SIZA audit programme consists of four steps (SIZA, 2021):

1. Capacity building/training (see above)
2. Self-Assessment Questionnaire (SAQ)
3. Third party audit/corrective actions
4. Continuous improvement

The SAQ in the second step is completed by the applicant on the online SIZA platform. The questionnaire collects information on company details, management of social compliance and performance against local and international labour standards. The applicant must also provide supporting documentation on the platform. Subsequently the SAQ is evaluated by SIZA for approval. If the assessment is rejected the areas of concern must be corrected and the SAQ resubmitted until it is approved (SIZA, 2021).

The SAQ must be updated annually to monitor compliance between audit intervals. The status of the self-assessment is visible to buyers in the risk report and if it is not updated annually the member will not be visible on the SIZA, Sedex and GlobalGAP platforms. Furthermore, the information in the SAQ is also used by the auditor in preparation of the audit (SIZA, 2021).

After an approved SAQ, the member can submit an audit request and select an approved auditor firm via the SIZA platform. A lead and associate auditor as well as a reviewer are assigned for each audit. An auditor cannot audit the same facility twice. Before the audit the member will also have to complete a pre-audit employment site profile on the SIZA platform containing information on the workforce, production processes, and sub-contracting activities (SIZA, 2021). This will enable the auditor to prepare for the site-visit.

Audit should take place when at least 65 percent of the workforce is present and can be in the form of announced, semi-announced[29] and announced audits (SIZA, 2021). The type of audit can be based on the risk level of the member or be predetermined by a buying company. The total length of the on-site audit can be one to four days and is predetermined by the size of the workforce as well as the number of

---

[29] The member is aware that the audit will take place during specific time-period, but the exact date and time is not known.

employment sites. Furthermore, the duration is underpinned by the sample size calculated for the interviews of seasonal and permanent labourers.

For announced on-site audits the member will receive an audit programme stipulating the process and timelines. A typical audit will comprise of an opening meeting, a site tour of both the production process, a perimeter survey of other on-site or off-site worker facilities (e.g. housing, healthcare facilities), worker interviews both individually and in groups, management interviews, interview of labour services, a document review, and a closing meeting.

During the on-site audit best practices, non-compliances, systematic problems, prioritisation of issues, and root causes are identified. Non-compliance issues are classified according to severity as either "minor", "major" and "critical" issues. The final outcomes of the audit are presented in an audit report by the auditor. The audited SIZA member should subsequently submit an improvement plan with corrective actions before an Audit Completion Letter is issued by SIZA. If necessary, post-audit follow up visits will be conducted. To illustrate the audit performance, SIZA (2023) data shows that 50 percent of all audits (168) conducted during July-September 2023 were successfully completed. A further 38 percent were approved pending corrective actions, five percent remained under review and two percent of the audits were rejected.

Based on the outcomes of the audit (i.e., the number of non-conformities and their severity) a SIZA member will be categorised into a specific risk category. There are four different categories: "bronze", "silver", "gold" and "platinum". These categories also determine the audit frequency which range from once per year for "bronze" members to once very three years for "platinum" members. To illustrate these risk categories, SIZA (2023) data shows that 55 percent of all audits conducted during July-September 2023 achieved "platinum" status and three percent got a "bronze" status.

Non-conformity issues

To ensure transparency, SIZA publishes its generic audit data on a quarterly basis in their monitoring and evaluation report. The reporting of non-conformances and good practices provides insights into the risk areas regarding labour conditions in the agricultural sector. To illustrate, the data shows that of all the non-conformances raised during July-September 2023 none were "critical", 12 percent were categorised as "major" but the most issues (54%) were classified as "minor".

Aligned with the eight principles of the SIZA Social Standard (see above) the report shows that almost half of the non-conformity finding fell within the health and safety principal code. A further 24 percent of findings pertains to wages, benefits and terms of employment and ten percent related to working hours (SIZA, 2023b).

The SIZA report notes the following regarding the non-conformances within these three principles for the illustrative period (SIZA, 2023b):

- The business lacks a proper management structure to effectively oversee health and safety matters.
- The First aid kits available in the business are not adequately stocked and maintained.
- The employee housing does not comply with the basic health, safety, and hygiene standards as outlined in this Standard and local law.
- The systems implemented for accurately calculating and paying worker wages are not effective.
- Written employment contracts are not in place for all employees, whether they are seasonal, temporary, or permanent workers.
- The payslips do not include all the information mandated by law.
- The overtime does not meet all the minimum standards.
- The management of rest periods and meal breaks for workers is not effective and does not comply with the law.
- The handling and execution of night-work does not adhere to the minimum requirements set by legislation

4.3.4 Wine Industry Ethical Trade Association - WIETA

Background

In 1998 the UK-based Ethical Trading Initiative (ETI)[30] launched a three-year pilot project in the South African wine sector and included six wine producers that supplied UK supermarkets (Ewert, Martin and Nelson, 2005). The aim of this pilot was to adapt the ETI code to the local socio-economic context. Impact analysis of the pilot showed

[30] ETI was established in 1998 and is an alliance of trade unions, NGO's and companies to promotes practical solutions to ensure human rights at work. It was founded on the premises that many private standards for worker's rights lacked credibility and did not align with the ILO conventions (ETI, 2023). ETI has also developed a base code to define good practices in ethical trade.

that the highest priority of wine farm workers was higher wages (i.e. a living wage). This linked well with the ETI code. However, their second priority of adequate housing was not covered by the code. Other worker priorities, that were not amply addressed by the ETI code included (Ewert *et al.*, 2005):

- Ongoing training opportunities
- Availability of company performance data
- Involvement in decision-making processes
- Improved healthcare services for children
- Assistance from employers for children's education
- Addressing issues of alcohol misuse and domestic violence.

The impact assessment conducted interviews with workers and managers part of the pilot for year a period for three years (see: Ewert *et al.*, 2005). The finding was that workers on wine farms that adapted the ETI code were better off than those on regular wine farms. However, the material wealth and social conditions of permanent workers improved more than for seasonal workers on the code adopting farms. With regards to gender, the assessment found that with regards to material wealth woman workers were worse off. However, in terms of social well-being women workers were better off on code-adapting farms (Ewert *et al.*, 2005). Although farm managers were in generally positive of the ETI code their main view was that it did not give them a competitive edge in the export marker.

To address the findings identified by the ETI pilot project, as well as to ensure continuity, the Wine Industry Ethical Trade Association (WIETA) was established in 2002. WIETA is a voluntary non-profit organisation of stakeholders in the South African wine sector with as main objective to improve labour conditions. The WIETA code is based on the ETI base code and South African legislation. It however provides greater detail on principles applicable to the South African wine industry (Ewert *et al.*, 2005).

WIETA is a multistakeholder organisation comprising of trade unions, CSO's, wine cellars, public sector, and wine grape production as well as other industry stakeholders. Its current board includes members from industry, trade unions and CSO's. The funding of WIETA's activities comes from its membership fees. donations as well as the Western Cape Department of Agriculture, VinPro (industry), and the Wine Industry Transformation Unit (WIETA, 2023). This finding has also enabled WIETA to also partly subsidise the cost of audits.

The main activities of the association revolve around managing compliance with, and the development of, its social code, education and training of members and stakeholders on the code, as well as managing external auditors who verify compliance with the code amongst its members (WIETA, 2018). Latest available data (2021) shows that WIETA has a total of 1380 members up from 490 in 2013. Moreover, a total of 147 wines are sold with a WIETA seal of compliance (Fair Labour Certification Seal).

Since its inception, WIETA has undergone some developments. In 2010 WIETA started to audit wine grape producers and not just the wine cellars, in 2011 audits were made a requirement, in 2012 WIETA released a bottle seal for accredited members and in 2017 it introduced a matrix of risk categories as part of the audit. These developments mainly revolve about the application and interpretation of the code as its underlying principles have remained the same over time (WIETA, 2018).

WIETA's ethical code of conduct serves as framework trough which members and their supply chains are monitored. The code constitutes thirteen principles that apply to all members of WIETA who strives to be ethically accredited by the organisation, inter alia producers, cellar, estates, cooperatives, and temporary employment services. The code principles are (WIETA, 2023):

1. Ethical and socially responsible management systems
2. Prohibition on child labour and the employment of young workers
3. Prohibition on forced, bonded, prison or indentured labour
4. A safe and work environment
5. Freedom of association and the right to bargain collectively
6. Workers shall not be unfairly discriminated against
7. Workers shall be fairly treated, and fair disciplinary measures shall be adopted
8. Working conditions shall be fair and working hours shall not be excessive
9. Striving towards the payment of a living wage
10. Regular employment shall be provided
11. Housing and tenure security
12. Striving towards social responsibility and community development as best practice
13. Freedom of association and the right to bargain collectively

The WIETA Standards specify the requirements to comply with these thirteen principles. These standards are thus audited by a third-party auditor. The standards are revised every three years to align with international best practices as well as any revisions of local legislation and ILO conventions. With regards to the latter, WIETA's code and standards currently align with 16 ILO conventions. Moreover, WIETA's code, standard and audit methodology is in the process of being aligned with the

Sustainable Supply Chain Initiative (SSCI[31]) (WIETA, 2021a). A revised version of the code and standards will be released in 2024.

To ensure the WIETA Standard meets international market demands and recognition criteria, the WIETA Scheme conducts processes of equivalence and benchmarking. These processes are in line with technical regulations mandated by local and/or international laws, and they benchmark against other standards and ethical codes like Amfori BSCI and SEDEX's SMETA (WIETA, 2023).

An evaluation of the impact of the WIETA code revealed that 71% of its members categorised as either limited or no risk in terms of code compliance (WIETA, 2018). Furthermore, accredited grapes increased from 15 percent of total harvest in 2013 to 66 percent by 2017. The impact assessment also showed that most of the improvement in working conditions were made with regards to basic conditions of employment, adherence to labour rights, payment of minimum wages and health and safety (WIETA, 2018). These gains were partly attributed to local legislation and partly due to adherence with the WIETA code.

Despite these achievements the evaluation also highlighted some room for improvement. Areas in which there was limited compliance with the WIETA social code included adequate housing and living wages. This resonates with the worker's priorities listed in the ETI pilot study (see above). Furthermore, producers and cellars did not always see the benefits of implementing the WIETA code as they mostly highlighted the short-term associated cost of compliance rather than the long-term benefits (WIETA, 2018).

Interviews conducted by Ponte *et al*. (2023) reveal that most local wine producers acknowledge that WIETA has enabled them to export their wine but that ever increasing sustainability demands from foreign retailers are squeezing margins and are not offset by improved prices. Some of the respondents stated that social issues are difficult to sort out especially for producers with limited resources.

[31] The SSCI is an initiative of the Consumer Goods Forum (CGF) launched in 2017 to recognise third-party auditing, monitoring and certification schemes and programmes that cover key sustainability requirements and apply relevant governance and verification. Through a comprehensive benchmarking process built on criteria developed by CGF members and expert stakeholders, the SSCI currently recognises independent auditing, monitoring and certification programmes that meet industry expectations on social sustainability.

Certification

Members of WIETA pledge to conduct an autonomous, participatory, and multi-faceted audit of their ethical business and labour practices through a third-party social audit. It is mandated that a high-ranking management member at each member's location assumes accountability for comprehending and executing the WIETA Ethical Code and Standard.

The WIETA standard applies to private and producer cellars, bottling facilities. estates, farms (including all agricultural activities and operations) and small holders and small producers. The WIETA Standard further applies to permanent, temporary, and contracted workers as well as piece rate, salaried, hourly paid, young workers, part time workers, night workers, women, and migrant workers. If a member site uses less than 20 workers some requirements in the WIETA standard will not apply to the member. In such cases the auditor will consider these requirements as not applicable (WIETA, 2021a).

As mentioned, the WIETA Standards specify the requirements to comply with the thirteen principles of the WIETA code of best practices. For each principle the standard specifies a set of indicators, guidance notes, references to the WIETA Code, South Africa's legislation and international conventions as well as an indication of the action urgency.

The WIETA audit process is conducted as follows (WIETA, 2021b):

1. Risk evaluation system: This first step consists of a training workshop on the WIETA Code, the development of an efficient system to measure social compliance by the member, identification of social risks by the member and a self-assessment questionnaire (SAQ). The latter is done by the member to assess itself against local and international labour standards and how it manages social compliance. The SAQ obtains information on the employment and organisation details, the workforce, the production sites, use of labour brokers, training details, other certifications, Sedex requirements (for UK markets) and the components of the WIETA code.
2. Audit request: On-site audits are requested on WIETA's online platform and can be applied for by the registered producer, supplier, buyer, or another third party (e.g. industry organisation). A WEITA recognised auditor is appointed as well as am associate auditor and reviewer.
3. Audit preparation: The auditor will conduct a background and context review by gathering information on broader societal and political issues affecting workers. The member most make sure that all workers are present during the on-site

audit. In most cases audits will be announced, but in some cases a buyer may require a semi-announced or unannounced audit. The risk profile of the auditee based on previous audits (see risk matrix below) may also impact the type of audit. The audit length is determined based on the size of the workforce as well as the size of the farm. Similar as for SIZA audits a pre-determined number of worker interviews will be scheduled. The workers should also be informed about the scope and process of the audit.

4. Audit: the audit itself consists of an opening meeting, a tour and inspection of the production site and the perimeters, individual and group interviews of all workers, interviews with management and support staff, and interviews with labour unions or worker representatives. WIETA has separate audit process in place for temporary labour services (i.e., labour brokers).
   The audit further consists of an extensive document review. Compliance with the various WIETA standards will be evaluated by the audit as either, best practice, observation, minor issue, major issue, or critical issue. If a critical non-compliance issue is identified WIETA will be informed within 24 hours who will issue an alert notification and will assist in solving the issue as soon as possible. The on-site audit will be concluded with a closing meeting and an agreement of corrective actions.
5. Audit outputs: The audit report is completed online on the WIETA platform within 10-days. For each standard compliance and non-compliance, the report will provide evidence. The auditee may upload long-term improvement plans to set out its corrective actions. An audit-follow up will focus on the proposed corrective actions this can be either a document check or another on-site inspection especially in the case of major or critical issues.
6. Audit sign-off: Once all the corrective actions have been accepted by the auditor the certification will be issued by WIETA. This certificate will also specify the risk rating and the date of the next audit cycle. The certification is available on the online platform for registered buyers.
7. Extension of corrective action. All non-conformity issues categorised as minor risks should be addressed within six months of the audit, otherwise the certification will be withdrawn.

The WIETA Ethical Performance Risk Matrix has been designed to offer strong guarantees for risk management concerning ethical conduct at both the wine cellar and at farm level. In line with WIETA’s objective of being improvement-led rather than audit-led the risk matrix stipulated the audit frequency. From annual audits for production sites with the highest risk indicator of “C” to audits of every three years for risk indicator "A" (WIETA, 2021b). This is similar as the risk profiling used by SIZA.

The Sustainability Initiative of South Africa (SIZA) is the WIETA equivalent Standard Owner for the fruit industry. To accommodate members who need to adhere to both Fruit and Wine Industry standards, WIETA and SIZA have committed to offer what is known as a Combined WIETA/SIZA Audit to save auditing costs for members (WIETA, 2023).

4.3.5 Comparison

The previous sections provided an overview of the three ethical trade standards which are most prevalent in the South African wine sector. This sub-section will make a brief comparison of three standard schemes based on the information available on the respective websites as well as the ITC's Standard Map tool[32].

A general comparison is provided in Table 6. The second column in the table shows the geographical scope of the three standard schemes. It is evident that Fairtrade International is an international scheme with a much broader geographical, as well as product, scope compared to the two local standards. The SIZA standard is more widely accepted than WIETA geographically but that can be attributed that it also includes fruits.

The third column in Table 6 shows the value chain focus of each standard. The scope is mainly on production and processing activities, however, the WIETA standard also encompasses distribution activities. The latter forms an integral part of the value chain and ensuring sound working conditions in this stage is essential for due diligence of the South African wine sector.

The coverage of the requirements of each standard is shown in the fourth column. The criteria divided into environmental, social, management and ethics, and quality dimensions. Management and ethics pertain to the prevention of corruption and bribery, sound record keeping, supply chain management and compliance with international conventions. The quality dimension deals with quality management and food management systems.

[32] This is the world largest database of sustainability standards developed by the International Trade Centre (ITC).

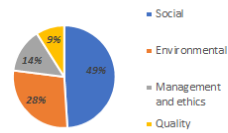
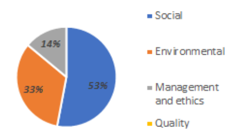
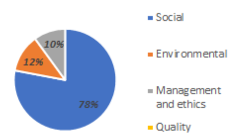
The table shows that forty-nine percent of the criteria of Fairtrade International pertain to social sustainability and a further 28 percent to environmental sustainability. It is the only of the three standards that also includes criteria for quality. The SIZA standard also has a focus on both social and environmental sustainability. A total of 53 percent of the criteria of this standard focus on social sustainability. The WIETA standard has the strongest focus on social sustainability requirements as 78 percent of its criteria relate to this specific dimension.

The fifth column of Table 6 indicates the criticalness or prioritization of the standard requirements of each scheme. It distinguishes between essential, major, minor, and optional criteria based on which compliance with the standard are assessed. Hence, compliance levels with the essential and major criteria must be prioritised to obtain accreditation. It is evident from the table that the SIZA standard is relatively the most stringent as it has the highest proportion of essential criteria (17 percent) followed by Fairtrade International. In terms of essential and major criteria combined, the SIZA and WIETA standards both label 97 percent of their criteria as such. As for Fairtrade International this combined proportion is 90 percent.

In terms of mandatory criteria, column 7 shows that for the SIZA standard compliance with all criteria is mandatory, as though the previous columns showed there are different levels of prioritization. The WIETA standard is also relatively strict as 98 percent of its criteria are mandatory. Table 6 shows furthermore that Fairtrade International is the most lenient.

The previous last column in Table 6 shows that international recognition of the two local standards schemes is still in progress as where Fairtrade is recognised internationally. Finally, from the last column it is evident that the SIZA standard has the highest coverage of the SDG's. However, all three schemes have a relative broad alignment with the SDG's.

TABLE 6: GENERAL COMPARISON OF SELECTED SOCIAL STANDARDS IN THE SOUTH AFRICAN WINE SECTOR

Standard	Geographical scope	Value chain focus	Criteria coverage	Criticality of criteria	Time to comply with criteria	Mandatory criteria	International recognition	SDG linkages
Fairtrade International	Origin: 109 countries Destinations: 29 countries	Production Manufacturing		Essential: 15% Major: 75% Minor: 8% Optional: 1%	Immediate: 72% <1year: 14% <3years: 10% <5 years: 2% Advice: 1%	90%	International Social and Environmental Accreditation and Labelling Alliance (ISEAL)-Code Compliant Member	16
SIZA	Origin: South Africa Destinations: 202 countries	Production Manufacturing		Essential: 17% Major: 80% Minor: 2% Optional: 1%	Immediate: 98% <1year: 2%	100%	Sustainable Supply Chain Initiative (SSCI): recognition in process	17
WIETA	Origin: South Africa Destinations: 103 countries	Production Manufacturing Distribution		Essential: 3% Major: 94% Minor: 1% Optional: 2%	Immediate: 98% Advice: 2%	98%	Sustainable Supply Chain Initiative (SSCI): recognition in process	12

Source: Author's compilation based on data from ITC Standard Map (2023)

Table 7 presents a more detailed comparison of the three standards schemes most prevalent in the South African wine sector. Columns two till four show the coverage of criteria for social standards. It is evident that Fairtrade International has the most comprehensive coverage with regards to human rights, labour rights and community development. Of the local standards, SIZA is more comprehensive on labour rights and WIETA is more inclusive on human rights. With regards to community development, all three standard schemes could improve their coverage.

As discussed in Section 4.1.1, living wages are perceived as one of the cornerstones of improving socials sustainability. Column five shows that Fairtrade international is the most explicit in setting a time-line goals for this aspect. Furthermore, the WIETA standard stipulates that government must be leading the way in setting living wages. However, for none of the three schemes, living wages are an essential or mandatory requirement.

Fairtrade is the only scheme that has a system for price premiums for its products, including wine (see column six and Section 4.2.2). These premiums can cover costs of compliance, improve profitability, and make a living wage more attainable.

Consumer labels can be an important tool in communicating product attributes to consumers and distinguish it from competitor products. In the context of social sustainability, they can assure the consumers that the product meets certain worker welfare criteria. Column seven in Table 7 shows that both Fairtrade and WIETA use a consumer label to certify their wines.

In this context it is also important to ensure transparency of the standard scheme's processes and procedures. As is evident from column eight, all three of the schemes publish their respective standards' requirements and criteria as well as their processes for compliance and accreditation. However, only SIZA publicly publishes its audit statistics detailing compliance levels and non-compliance issues. Detailed audit reports are available from all three schemes but only for members and not the public (i.e. consumers). Hence, there is scope for increasing transparency.

The industry coverage of each of the three standard schemes is depicted in column nine. It is evident that Fairtrade has the lowest adoption level in the South African wine sector, representing only three present of total wine cellars. No individual grape farmers are member of this standard scheme. From a global perspective however, South Africa is the largest Fairtrade wine producer.

As mentioned, SIZA focuses on both fruit and wine production. Table 7 shows that it has a very small footprint amongst wine cellars. In terms of wine grape producers about ten percent of all farmers are a member of SIZA.

The table shows that the WIETA standard has by far the largest footprint in the South African wine sector. About 28 percent of the wine cellars is a member and about 43 percent of wine grape producers.

The membership and audit cost of a standards scheme can be a limiting factor especially for smaller producers and against the backdrop of reduced profitability in the South African wine sector. Hence, the last column in Table 7 provides an estimation of these costs. Only an estimation of the application and audit cost for Fairtrade International is publicly available and it is evident that these are relatively substantial. Membership cost for grape producers is none for Fairtrade and the highest for SIZA.

TABLE 7: FOCUSSED COMPARISON OF SELECTED SOCIAL STANDARDS IN THE SOUTH AFRICAN WINE SECTOR

Standard	Social criteria coverage			Living wage requirement	Price premiums	Consumer label	Public transparency	Local industry members	Annual cost estimation
	Human rights	Labour rights	Local communities						
Fairtrade International	14/16 *(88%)*	129/144 *(90%)*	20/43 *(47%)*	Yes *(if wages + benefits < living wage benchmark → close gap in specified time-line)*	Yes	Fairtrade label	Moderate *Standard: y* *Processes: y* *Audit stats: n*	wine cellars: 16	Application: R 12 000 / *€600* Audit[33]: R 50 000 / *€2 500* Membership: NA
SIZA	6/16 *(38%)*	125/144 *(87%)*	5/43 *(12%)*	No *(Wage must be at least equal to national minimum wage)*	No	No	Good *Standard: y* *Processes: y* *Audit stats: y*	wine cellars: 4 wine grape producers: 244	Audit: NA Membership: R 1260 / *€ 60* (producer) R 1 460 / *€ 70* (cellar) Free (emerging farmer)
WIETA	9/16 *(56%)*	89/144 *(62%)*	9/43 *(21%)*	Recommendation *(if living wage is endorsed by*	No	Fair Labour Certification Seal	Moderate *Standard: y* *Processes: y* *Audit stats: n*	wine cellars: 149 wine grape producers 1079 Exporters: 15	Audit: NA Membership: R 900 / *€ 45* (producer) R 3 200 / *€ 150* (cellar)

[33] Estimation based on a single wine grape producer and cellar / work-force: 120

				government[34] → farm must demonstrate how living wage can be reached over time)					

Source: Author's compilation based on data from ITC Standard Map (2023)

[34] Note: this is currently not the case.

4.3.6 Coherence with local legislation

The previous section benchmarked the differences and similarities between the three main social sustainability standards in the South African wine sector. This section will identify to what extend these standards link with South Africa's local labour legislation and programmes (see Section 4.1.2). This will also determine to what extend the standard takes cognisance of the local context.

Table 8 shows the results of this analysis. It indicates the number of policy references made in the official documentation of the standard's codes and requirements. For comprehensiveness the table also includes a column containing references made to international conventions, agreements, and standards.

Fairtrade International, being an international standard, makes no reference to any of the relevant South African legislation. On the other hand, the local standards intrinsically have a stronger linkage with local legislation as is evident from the table. It is evident, that the WIETA standard has the broadest set of references to both local policies as well as to as to international conventions.

TABLE 8: OVERVIEW OF POLICY REFERENCES IN THE THREE STANDARD SCHEMES

Standard	Local policies / programs	International conventions / agreements / standards
Fairtrade International	• No reference is made to local legislation • Black Economic Empowerment (BEE): some members comply with BEE criteria, but these are not implicitly part of the standards.	• ILO conventions: 6 • Ethical Trade Initiative (ETI) Base Code: 4
SIZA	• Labour Relations Act: 8 • Employment Equity Act: 9 • Basic Conditions of Employment Act: 17 • Occupational Health and Safety Act:7 • Facilities regulations: 3 • Children's Act: 2 • Sectoral wage determination: 41 • Extension of Security of Tenure Act: 1 • BEE: no reference • Land reform: no reference	• No reference is made to any international conventions / agreements in the standards code itself. • A general reference is made to relevant ILO conventions *(fifteen ILO conventions and five ILO recommendations have been incorporated in South African law)*
WIETA	• Basic Conditions of Employment Act: 9 • Occupational Health and Safety Act:14 • Compensation for Occupational Injuries and Diseases Act: 1 • General Machinery regulation; 1 • Children's Act: 2 • Sectoral wage determination: 24 • Extension of Security of Tenure Act: 1 • Hazardous Chemical Substance Regulations:4	• United Nations Sustainable Development Goals: 1 • United Nations Guiding Principles on Business and Human Rights: 1 • Fairtrade International standard: 2 • Sedex Members Ethical Trade Audit methodology: 8 • Amfori performance area: 5

	• South African National Standard: 16 • SA Schools Act: 1 • Environmental Regulations for the Workplace: 7 • Department of Social Development ECD rules: 1 • Prevention of Illegal Evictions Act: 1 • BEE: no reference • Land reform: no reference	• ILO conventions: 5 *(fifteen ILO conventions and five ILO recommendations have been incorporated in South African law)*

4.4 Key informant interviews

The Key Informant Interviews (KII) link with research objective 4. Three key informants from the wine industry were interviewed in-person about the background, current trends and dynamics regarding the main ethical trade initiative in the South African wine sector (see the previous section). The goal of the KII is to complement the review of previous studies (see Section 4.1) with the latest contextual insights. The main findings from these interviews are presented in this section[35].

4.4.1 SIZA

Date: 2-2-2023
Location: SIZA offices, Somerset-West
Interviewee: Mrs. Retha Louw

Key findings:

- Many farms use compliance with sustainability standards as a way to diversify their product.
- South Africa is the only country with its own sustainability standards for wine and fruit.
- South Africa’s export markets for wine and fruits, especially in Europe and North America, are demanding that producers comply with ethical trade and human right standards. Adequate traceability and compliance systems are a must in this regard.

[35] Full interview transcriptions are available on request.

- Compliance with sustainability standards is inherent if you want to "stay in the business".
- In South Africa the main compliance issues revolve around Occupational Health and Safety (OHS), migrant workers, over-time and living wage remuneration.
- Migrant workers do not always have work permits and are seen as "competition" by local farm workers which makes their position weak and marginalised. There are no clear statistics on how many migrant labourers are employed on fruit and wine farms.
- Compliance and certification with SIZA's social standards are ensured with self-assessments and independent third-party audits.
- Self-assessments by farmers are checked on a regular basis.
- The frequency of third-party audits depends on the level of compliance but is conducted at least every three years.
- The main focus of compliance with social standards is at primary production level (i.e., farm-level). There is a gap in terms of ensuring compliance further up-stream in the wine and fruit value chains (e.g., processing and logistics).
- SIZA's social standards does incorporate requirements of local labour legislation but are more stringent in many areas. Local labour law requirements, such as minimum wage and OHS, are generally poorly enforced by government.
- Compliance with socials standards is normally better on larger farms. Furthermore, according to SIZA the level of compliance in the fruit sector is also generally better than in the wine sector.
- Smaller wine grape farms that mainly supply local buyers are often less compliant with labour standards. This is mainly due to insufficient knowledge about these standards. SIZA offers training and capacity building.
- SIZA membership fees increase according to farm/business size.
- The third-party audit cost to ensure compliance and certification with sustainability standards are generally regarded as high. The harmonization between different standards could lower the frequency and costs of audits. Furthermore, food retailers in Europe that expect farms to comply could assist with covering some of the audit costs.
- To improve transparency, SIZA publishes a quarterly social monitoring and evaluation report. This M&E report provides the latest information and figures on their membership, the compliance and non-compliance, corrective actions taken, acceptance in export markets, and training provided.
- SIZA envisages that, due to the "Green Deal", mandatory and voluntary environmental sustainability standards will gain more momentum in the near future than social sustainability standards in the EU markets.

- Labour unions are strongly linked with political parties but their membership levels in agriculture are generally low. As alternative to organised labour, Worker's Committees are relatively widely used on wine grape farms.
- Negative publicity on labour conditions in the South African wine sector is relatively common. SIZA and the sector should do more to get success stories on some of the best practices in the sector out in public to provide more balance in the publicity.

4.4.2 WIETA and Vinpro[36]

Date: 20-4-2023
Location: Zoom video call
Interviewees: Mrs. L Lipparoni (WIETA) and Mr. C Conradie (Vinpro)

Key findings:

Mrs. Lipparoni provided detailed information about WIETA:

- WIETA was formed in 1997 as a proactive and collaborative initiative between key wine brands, trade unions and civil society groups to develop a standard and a methodology to measure and improve working conditions in the wine industry.
- WIETA was initially based on the ETI base code, but adapted to suit the South African legislative context and added more rigor on occupational health and safety aspects.
- WIETA expanded its scope to audit other sectors such as fruit and floriculture, but later decided to focus on wine and develop a targeted monitoring and social engagement system for the wine industry.
- WIETA launched its social traceability system in 2012, which requires every producer and seller to register their harvest and wine movements through an independent verification service (SAWIS) and to ensure that their suppliers are WIETA certified.
- WIETA has grown from about 400 members in 2010 to 1450 members in 2021, with 75% of them being farms. It also has trade union and civil society representation on its board.

[36] Vinpro is a non-profit company which represents close to 2 600 South African wine producers, cellars and industry stakeholders.

- WIETA has a risk matrix system that grades audit outcomes from "A" to "D" based on the number and severity of findings. The grading determines the frequency of audits and certification validity. A "D" grade means re-audit is required.
- WIETA has a unique relationship with trade unions and civil society organisations that allows for an active incident reporting system, where workers can raise complaints or issues that may not have been captured by the audit or that may have emerged after the audit. WIETA then investigates, mediates or re-audits the site as needed.
- WIETA also does capacity building and training on various ethical issues such as modern slavery, child labour, human rights due diligence, responsible recruitment, etc. It also benchmarks its standard against other standards such as Fairtrade, Business Social Compliance Initiative (BSCI), etc.

Mr. Conradie mainly focused on the issue of migrant labourers in the wine industry:

- There are many migrant workers from Zimbabwe and other neighbouring countries who work in the wine industry, either directly or through temporary employment services or labour contractors.
- There are challenges with verifying their documentation and permits, especially with the new regulations that require them to leave the country if they are not on a list of scarce skills. This poses a risk for both workers and producers who rely on them for seasonal labour.
- WIETA requires producers to do due diligence when recruiting migrant workers and to ensure that they comply with local laws and ethical standards. It also encourages producers to recruit locally as much as possible.
- There are also social and human rights implications of migrant labour, such as discrimination, exploitation, family separation, etc. that need to be addressed through dialogue and awareness raising.

Some trends highlighted in the interview are:

- The increasing demand and expectation for ethical sourcing and compliance from global retailers and consumers, especially in the European markets, which requires the wine industry to adopt and adhere to ethical standards and systems such as WIETA and ETI.
- The emergence of new ethical issues and challenges such as modern slavery, human rights due diligence, responsible recruitment, etc. that require the wine sector to update and improve its practices and policies and to engage in continuous learning and awareness raising.

- The impact of COVID-19 on the wine industry and its workforce, especially on migrant workers who faced more uncertainty and vulnerability due to travel restrictions, border closures, health risks, etc. This required the wine industry to ensure the safety and well-being of its workers and to support them through the crisis.

Some challenges highlighted in the interview included:

- The difficulty of verifying and ensuring the documentation and permits of migrant workers who are a large part of the wine workforce, especially with the new regulations that require them to leave the country by June 2021 if they are not on a list of scarce skills.
- The risk of audit fraud, "window dressing" or document inconsistency that may compromise the validity and reliability of the ethical audit and certification process. WIETA has a rigorous system to prevent and address such issues, but it still requires vigilance and cooperation from all parties involved.
- The cost and burden of compliance and ethical trade for producers, especially small-scale or emerging producers who may not have the resources or capacity to meet the requirements and expectations of global retailers and consumers. WIETA tries to provide support and incentives for producers, but it also faces limitations and challenges in doing so.
- Another challenge mentioned in the interview is the lack of consumer awareness and recognition of the WIETA label and what it stands for. WIETA has been trying to promote its brand and logo through various channels, but it still faces competition and confusion from other labels and standards in the market. WIETA hopes to increase its visibility and credibility among consumers and to communicate the value and impact of its work in the wine industry.

4.5 Validation survey

This sub-section links to research objective 5 and the aim of the survey is to validate and extend the earlier findings from the desktop study with key role players in the South African wine sector.

4.5.1 Approach

The survey will focus on the following three "themes":

1. Industry context (Research objective: 1)

2. Policy context and previous research (Research objective: 2)
3. Social standard schemes in the South African wine sector (Research objective: 3)

Table 9 below sums up the various topics covered by the survey. The full survey can be found in Appendix 2.

TABLE 9: OVERVIEW OF THE SURVEY TOPICS

Theme	Topics
Section A – General respondent information	*Type of organisation / size*
Section B – Industry context	*Value chain relationships*
	Stagnating production and exports
	Price and quality
	Shifting trade patterns
	Non-Tariff Measures
	Labour conditions
Section C – Policy context and previous research	*Labour relations and strategies*
	Wages
	Local labour policies
	Findings from academic publications
	Findings from non-academic publications
Section D – Social standard schemes in the South African wine sector	*Trends*
	Overlapping
	Multiple certification
	Impact
	Transparency
	Profitability
	Price premiums
	Auditing and compliance
	Consumer awareness and label

Based on Table 9, a set of 34 closed questions and 25 open questions were compiled. Some of the closed questions used a Likert scale, a ranking of options, or multiple-choice. For each closed question the respondent has the option to motivate their answer. The survey was compiled in Microsoft Forms so that it is accessible via an internet browser and can be completed online on the respondent's own computer. The time to complete the survey is estimated at about 20-25 minutes. However, the respondents also have the option to save their responses and complete the survey over a period of time.

The survey includes a brief introduction to explain the context of the MATS project, the case study itself, as well as the aim of the survey to the respondent. The introduction section also presents the ethical considerations and requests an informed consent from the respondent.

The survey specifically targets key representatives of farm workers, grape farms, wine cellars, CSO's, and other sector organisations. It uses convenience sampling with a response target of 16-18 surveys. The online survey has been distributed to the selected target population with the assistance of WIETA. They have an extensive network of members and industry stakeholders.

The survey responses are analysed by the use of descriptive statistics. The results of the survey will also be "back-casted" to research objectives one, two and three in order to support and elaborate on their outcomes.

The survey is completed anonymous. Furthermore, the gathered information will be treated confidentially and not be shared with third-parties. All responses will be stored for a maximum of three years in a secure environment. Only the researcher will have access to the data. This study has been classified by the Research Ethics Committee of the Faculty of Economic and management Sciences at the North-West University as having minimal ethical risk (ethical approval reference number: NWU-00665-24-A4).

4.5.2 Part A - Respondents

The survey was sent out twice and completed by 14 respondents, which is slightly below the target. Table 10 below provides an overview of the type of organisations that completed the survey. Organizations that are involved in the production of grapes and wine were asked to indicate their number of employees.

TABLE 10: RESPONDENTS

Type of organisation	Number of respondents	Number of employees (size)
Wine grape producer / vineyard	3	15-23
Cooperative cellar	1	22
Private cellar	2	35-58
Producer / cellar	3	11-250
Standard setting body	4	NA
Other	1	NA

It is evident from the table that this small sample still represents a fair cross-section of the South African wine industry. It is by no means a representative sample, but the observations will provide valuable insights.

4.5.3 Part B - Industry context

As shown in table 9, the first part of the survey focussed on the performance and structure of the South African wine sector. This is the broader context in which social sustainability standards are applied.

The power relationships between the different actors in the South African wine export value chain were perceived by the respondents as shown in Figure 12. Retailers are seen as the most powerful actor in the export value chain by 62 percent of the respondents followed by importers and cellars/bottlers. Wine grape farmers are ranked as fifth just above input suppliers and distributors / logistics.

FIGURE 12: RANKING OF VALUE CHAIN POWER

Source: Author's own compilation based on the survey data (2024)

This outcome supports the often-perceived dominance of value chain actors in the importing market in terms of setting product standards. However, 79 percent of the respondents agree that social standard schemes have improved the relationship and cooperation between actors in the export value chain of wine. There is a view that social standards and audits are crucial for ensuring compliance with national and international benchmarks as well as for maintaining traceability and visibility. They play a vital role in the export value chain by managing risks and establishing credibility between producers and consumers. However, linking to the earlier notion on the uneven power relationships, some respondents view that there is a disconnect between external stakeholders and the local workforce challenges in South Africa.

With stagnant production and exports, as well as rising input costs, profitability in the South African wine sector has been under pressure for a while. According to all the respondents this will have negative effect on the employment levels over the next decade. Most respondents expect a moderate decrease in employment of between 5 to 20 percent lower. Furthermore, most of the respondents also agreed that due to increasing price pressure from overseas retailers and rising input costs it is difficult to recover the cost of compliance of social standard schemes. Overall, margins in the sector are under pressure which negatively impacts employment and the ability to comply with, the beyond legislation, labour requirements.

Another issue often raised is the relative low price of South African wine in the EU market underpinned by a "value-for-money" marketing strategy. Most respondents agree that this perception limits the sector to fetch higher prices to cover for the cost of compliance with sustainability standards. As one respondent puts it: *"South African Wine entered the global market with a value for money quality wine strategy which is now hard to shake off as exporters struggle to enter the premium categories despite having premium quality. In addition, EU consumers often do not understand the SA category as the country is very far removed from their reality. Bad social media reports on South Africa do not improve this perception."*

The pattern of South African wine exports has shifted over the years. Exports to the traditional markets like the EU and the UK decreased and exports to Africa and the USA has increased. According to most of the respondents (57 percent) this change has not had a significant effect on the importance of social standards. One of the respondents replied: *"I don't think there would be a significant difference between the requirements of the countries. Producers/cellars will not know beforehand where their product will go, so they need to comply to the highest standard so that exporters have options and are not pigeonholed to where they can sell."*

The importance of Non-Tariff Measures (NTMs) has gained momentum in international trade over the last decades, even so for South African wine exports (see Section 2.3). With regards to conformity with these mandatory measures, the opinions are mixed. Half of the respondents view that compliance with NTMs is more difficult than to comply with voluntary social standards. However, 36 percent view that it is the same level of difficulty and 14 percent say social standards are easier to comply with. One of the respondents posed that voluntary standards are not "voluntary" as most importers make this part of the sales contract. Another respondent was of the view that: *"NTBs and Technical Barriers to Trade (TBTs) are always difficult and cost money - the EU is also protecting their market and will keep raising the bar."*

The last questions on the industry context pertained to the labour conditions (e.g. remuneration, working time, occupational health and safety, training, freedom of association, community development) in the South African wine sector. All respondents were of the view that most labour conditions in the sector are being adequately addressed. Moreover, 93 percent of the respondents indicated that there has been much improvement over the last 20 years.

4.5.4 Part C - Policy context

South Africa performs very poorly with regards to labour-employer relationships on a global level (WEF, 2019). With regards to the wine sector, most of the respondents rated the relationships as “good”. However, one respondent rates it as “poor” but none rated it as “very good”. Some of the motivations included the impact made by social standards especially on farms who are part of the export value chain ad that the labour-employer relationship on non-accredited farms is generally worse.

The role of labour onions in labour-employer relations was also frequently mentioned in this regard. One respondent argued: *“It does get difficult when you have unions involved who come in and break that trust relationship where employees are being influenced with false information and the mindset of unions making the employees negative when there is no ground for that. I do believe that they are abusing the system for their own gain and vision, as a result having a negative employee relationship.”*

Another respondent stated: *“The trade union movement in agriculture is still very underrepresented in agriculture with less than 5%. The movement is also very fragmented, poorly resourced and highly competitive for worker membership. This creates mistrust and misunderstanding between the stakeholders in the sector as a whole. The mistrust is often further fuelled by extreme ideological and political views of some of the unions. This extremism may in turn shapes the tactics used to mobilize and organize workers, this impacting the reluctance of workers to join unions and of management to be able to bargain and negotiate in good faith. However, where trade unions so have collective bargaining agreements in place, these have shown best practice industrial relations outcomes.”*

Section 4.1 presented three different labour management strategies that have gained momentum in the South African agricultural sector. For the wine sector, the respondents have ranked these strategies in order of impact (see Figure 13).

FIGURE 13: IMPACT OF LABOUR MANAGEMENT STRATEGIES IN THE WINE SECTOR
Source: Author’s own compilation based on the survey data (2024)

Most respondents ranked "externalisation" as the strategy with the most impact. It implies that farmworkers are no longer directly employed by the farmer but hired via a labour broker / intermediary.

The challenge with remuneration and paying a living wage to farm workers was also highlighted in Section 4.1. Many experts and scholars argue that earning a living wage would solve many social and livelihood challenges that farmworkers experience. The survey asked whether a living wage is viable in the South African wine sector and within what time-frame. From the responses presented in Figure 14 it is evident that this is a contentious issue. Almost sixty percent of the respondents view that this is possible in either the short- or long-term. However, 43 percents poses that this is not viable.

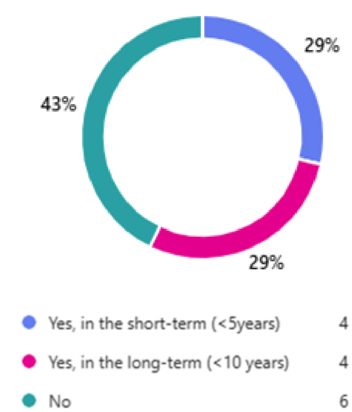


FIGURE 14: VIABILITY OF A LIVING WAGE PAYMENT IN THE WINE SECTOR
Source: Author's own compilation based on the survey data (2024)

The main points raised by the respondents regarding the viability of a living wage in the sector include:

- *The determination of a living wage is difficult as living costs differ from province to province*
- *The overwhelming majority of farmworkers in wine sector receive housing, electricity, other benefits at no additional cost.*
- *No wine farm can absorb a 32-48% raise in wages. It might also lead to mechanisation and loss of work.*
- *Change is required at government level - less tax, cheaper food prices by tackling monopolies etc.*
- *Many of our permanent workers who may have free benefits adding to the cost of living may already be on par with the said benchmark. The challenge will be*

in matching this level of wage for seasonal and contact workers - particularly in the lower price point and bulk wine supply chains, where the current margins are not likely to accommodate a fair wage. Fair wages are intrinsically linked to fair prices for grape producers on farms.

- *There must be a distinction between farmworkers that live on the farms and those that live in town. Workers staying on farms, receive accommodation with their wages.*

There are several South African labour policies that govern working conditions and labour relations. The respondents were asked whether compliance with, and enforcement of, these mandatory local policies is more difficult compared to social standard schemes. Half of the respondents view that complying with social standards has the same level of difficulty. However, 35 percent of the respondent is of the view that social standards are more difficult to comply with than local labour policies.

In terms of enforcement of labour policies and the auditing process of social standards, half of the respondents were of the view that they are of the same level of stringency. A further 29 percent was of the view that the enforcement of local labour policies is less stringent than the audits of social standards. Generally, social standards are perceived to have the same or a higher level of difficulty of compliance compared to local policy measures. Section 4.3 highlighted that the two locally developed social sustainability standards (i.e. WIETA, SIZA) are well alignment with local legislation, hence, mutually supporting each-other.

There is generally little alignment between social standards schemes and local agricultural development policies such as land reform and Black Economic Empowerment (BEE). However, most respondents (71 percent) view that this should remain this way. One respondent argues that private standards should not take-over government's responsibility. Another respondent stated: *"Social standards deal with labour relations and employer/employee focus. BBBEE and land reform are not part of this - not saying it is not important, but not part of the social audit environment."* Some critique included: *"Social Standard Policies all try to be relevant on their own, without necessarily taking the worker into account."*

4.5.5 Part D - Previous research

As became evident from the literature study in Section 4.2, many research and reports have investigated the labour conditions in South African agriculture and the wine sector specifically. Respondents were asked whether they agreed or disagreed with several statements on social standards taken from academic publications. The results are shown in Figure 15. The statement with the highest level of agreement pertains to the impact of the low levels of profitability in the wine sector. This underpins the significance of the structural changes taking place in the sector.

The statement with the second highest level of agreement (93%) poses that social standards are a must-have for market access into the EU but that the high compliance costs are not offset by improved market shares or profitability. This supports the conception of a top-down approach to the development of social sustainability standards and where their risks and costs are mainly burdened by primary producers.

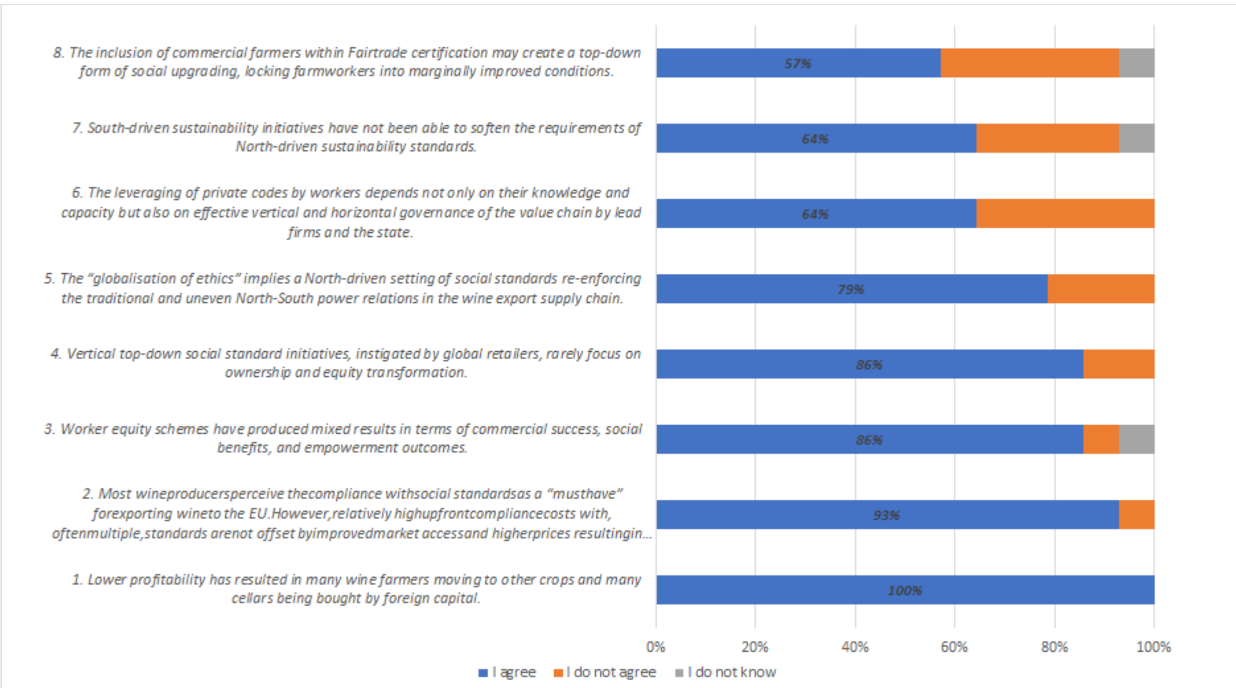


FIGURE 15: VALIDATION OF RESEARCH STATEMENTS
Source: Author's own compilation based on the survey data (2024)

It is evident from the figure that most of the respondents agree with all the eight statements. Generally, this outcome validates some of the findings from previous research as discussed in Section 4.2.

There are three statements that are relatively more contentious: the inclusion of commercial farms in Fairtrade certification, the mitigating effects of South- versus North-driven sustainability standards and the capacity and knowledge of workers as well as value chain governance to leverage social standards.

Besides the academic publications, various NGOs/CSOs have published reports on the labour conditions of farmworkers in agriculture and the wine sector in South Africa. The respondents were also asked to validate a selection of statements taken from these reports. Figure 16 shows the results, and it is evident that these statements seem more debatable than the ones taken from academic work.

Most agreement (86%) was with the statement that supermarkets in the EU should compensate South African wine farms for compliance with social standards. Most respondents also agreed that the use of labour brokers (i.e. externalisation) creates tensions between work-seeking groups (local and migrant workers).

The other five statements had a relative high level of disagreement by the respondents. Most disagreement was with the statements regarding the inadequacy of social audits and the mistrust of auditors by farm workers.

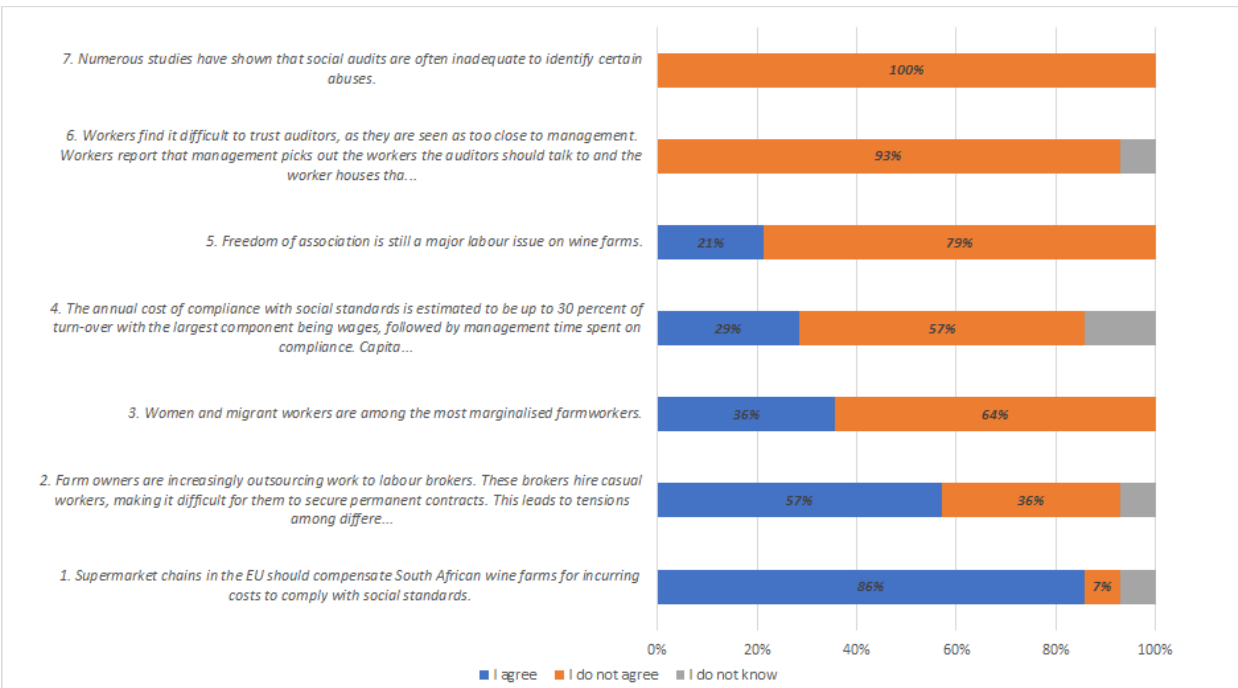


FIGURE 16: VALIDATION OF REPORT STATEMENTS

Source: Author's own compilation based on the survey data (2024)

One respondent replied: *"These are extremely dangerous remarks and not easy to Agree/Disagree with - you need CONTEXT and can't rely on an average response."* Another respondent commented on the tension between different work-seeker groups: *"Tensions between local and migrant workers should not be subscribed to* *the issue of permanent work in the industry alone. This is very reductionist reasoning. Many issues, including lack of municipal housing, general limited local economic opportunities, lack of services, xenophobia may all contribute."*

4.5.6 Part E - Social standards schemes

The last section of the survey zoomed in on the three social standard schemes in the SA wine sector: SIZA, WIETA and Fairtrade. The first question pertained to the divide between exporting and certified farms, and non-certified farms in terms of labour conditions. Seventy-one percent of the respondents agreed that labour conditions on non-certified farms are of a lower standard. However, some respondents commented that this could be mitigated by setting the same social sustainability standards for both local and international wine markets.

Social standards schemes, or ethical trade initiatives, have been around for a while (e.g. Fairtrade was established in the early 90s). Respondents were asked whether the codes and requirements of socials standard schemes have changed significantly over the last 20 years. The responses were mixed: 43 percent indicated that standards have changed over the years and 36 percent indicated that they did not. A further 21 percent was not sure. One respondent argued: *"The basic tenets set out in the ILO and UN conventions have not changed. Local legislation has changed impacting particularly the Occupational Health and Safety and Employment Equity component of the standards. What has changed is the additional requirements to ensure that worker participation is enhanced and showcased. In addition, the new human rights due diligence requirement for business to demonstrate their respect to and commitment of human rights has been added."* Another respondent posed that 99 percent of the standards have remained the dame over the years. Overall, it seems that most basic principles and codes have remained the same with a few amendments and updates here and there.

The issue with "over-certification" and the overlapping of different social standards schemes has often been raised in various publications. The survey respondents mostly confirm this as 79 percent are of the view that the requirements of the different schemes are very similar. A further 14 percent viewed that they are somewhat different, moreover, none of the respondents was of the view that the standards are very different. One respondent stated: *"The basic fundamentals are the same. However, Fairtrade and WIETA do differ as the Fairtrade Standard significantly focuses on the premium requirements and the Worker 's Committee."* Other respondent mentioned: *"WIETA has a grounded standard looking at housing for example as part of its standards and has a labour desk to support violations on* *the farms." "Some Standards also have an 'environment/carbon calculator' (SIZA) element."* In this context, Section 4.3 provided a brief comparison of the three social standards schemes in the South African wine sector.

A way to counter the burden of overlapping standards schemes is through harmonisation and mutual recognition. However, still half of the respondents is of the opinion that the burden of multiple certifications has increased over the last ten years. A further 21 percent says it has remained the same and 29 percent says it has reduced. Some of the views include:

"GLOBALG.A.P ; Natures Choice; Woolworths; etc. Every retailer wants its own set of standards and don't easily rely on mutual recognition."
There are three key standards, food safety, social and environmental. Mostly the producers are confused with the three and they claim it is duplication which are not the case."
"Equivalence Recognition and Benchmarking has meant that local standards are more easily accepted by global retailers and monopolies, thus ensuring that fewer international audits are being undertaken at huge cost."

Section 4.3 discussed the main objectives of social sustainability standards. The respondents were asked to what extend the three standard schemes have made a positive impact on the different aspects of labour conditions (i.e. principles) in the South African wine sector over the last 20 years. Figure 17 shows the result.

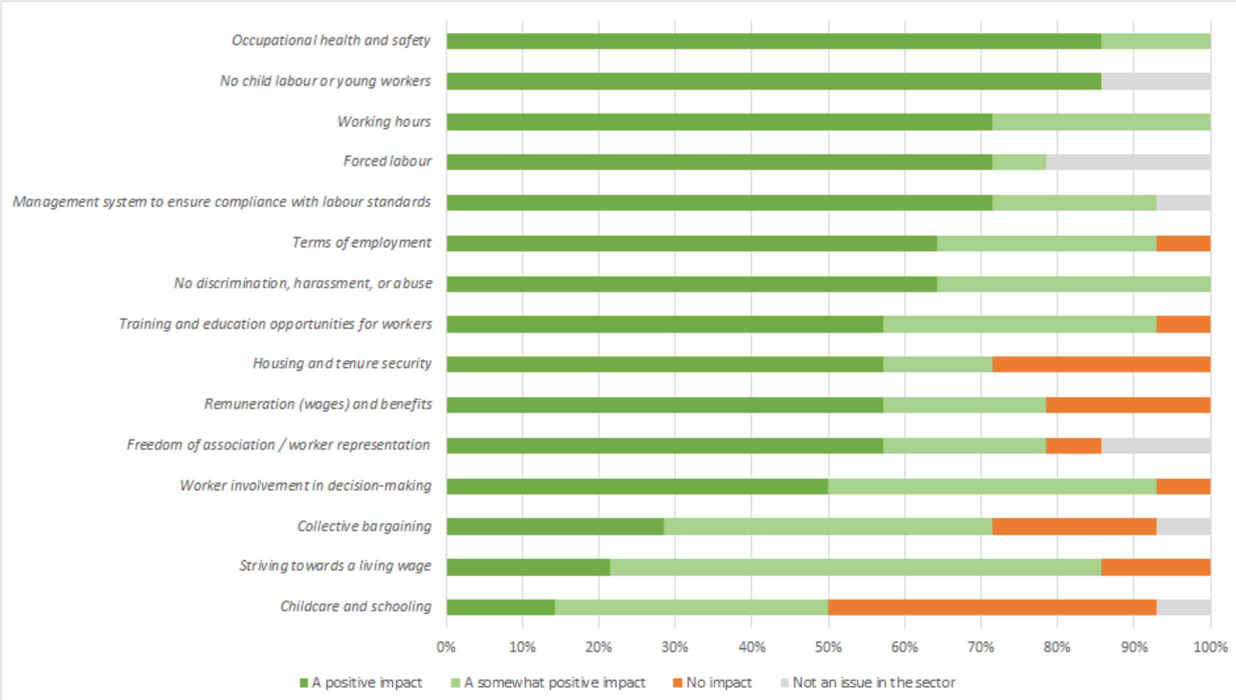


Figure 17: Impact per principle

Source: Author's own compilation based on the survey data (2024)

It is evident from Figure 17 that the results are relatively mixed. For some principles the impact has been perceived as predominantly positive as where for others the impacts are more contentious.

According to the respondents, the most positive impact has been made with regards to *occupational health and safety* (86%), *child labour* (86%), *working hours* (71%), *management system* (71%), *forced labour* (71%). Overall, for 12 out of the 15 principles listed, most of the respondents viewed that social standards have made a positive impact. The principles for which most of the respondents viewed that standard schemes have made a more moderate, but still positive, impact include *collective bargaining* (64%) and *striving towards a living wage* (43%).

Although a minority, a few of the respondents also viewed that social standards schemes have made no progress on some of the 15 principles. Forty-three percent believed no impact was made on *childcare and schooling*. Moreover, the impact on *housing and tenure* (29%), *wages and benefits* (21%), and *collective bargaining (21%)* was also questioned by some respondents. This despite the majority view that these three elements have been positively impacted over the last 20 years. This illustrates the antagonistic views around social standard schemes.

The respondents could also opt for indicating that a specific social scheme principle has been not an issue withing the context of the South African wine sector. This was the case for *forced labour* (21%), *child labour* (14%), and *freedom of association* (14%). Noteworthy is that, on the contrary, a majority of respondents was of the opinion that the schemes have made a positive impact on these three issues. Once again, very opposing views regarding the impact of social standards schemes.

The results from Figure 17 provide a good illustration on the progress, and areas of attention, with regards to labour conditions and the impact of social standard schemes in the local wine sector.

The respondents were also asked about the most persistent labour issues in the wine sector. Their responses are summarised in the word cloud in Figure 18. The issues that were raised the most included: housing, wages, trade unions and alcohol/drug abuse. The first three issues are directly linked to social standards schemes and labour legislation. Alcohol and drug abuse are often related to vulnerability, personal- and social issues of farm workers. Through community development and training initiatives, which are part of the criteria of most social standard schemes, it is attempted to address alcohol and drugs abuse among local farm worker communities.

FIGURE 18: MOST PERSISTENT LABOUR ISSUES IN THE SA WINE SECTOR
Source: Author's own compilation based on the survey data (2024)

The lack of transparency of social standards schemes has also been raised. This pertains to the availability of general and periodic data on compliance, risks and audit results. Most schemes do not make these publicly available.

A small majority (57 percent) of the respondents does agree that this limits the transparency of the schemes. One respondent stated that *"It allows them to make unsubstantiated claims, without the burden of proof and accountability".* A further 36 percent was of the view that this is not the case. Some respondents stated that the regulations local the protection of personal information (POPI Act) prohibits the publication of such information. One respondent elaborated: *"The audit data does not belong to the standard; it belongs to the producer, a member of the standards organisation. If someone wants to see the data, they need to ask the owner of the farm to share it with them. This is according to the POPI Act regulations."*

However, another respondent posed that: *"Some schemes such as SIZA does make it available however the data is always anonymized because it must protect worker, producer and retailer.* (See also Section 4.3 which refers to some findings of SIZA's quarterly monitoring and evaluation reports)

As discussed in Section 2, the profitability of the local wine sector in under pressure. As profits are crucial for economic sustainability of the sector, the respondents were asked whether compliance with social standard schemes have had an impact on profits. Standards may have a positive or negative- and a direct or indirect impact on operating cost and revenue. The respondents could select from several arguments as shown in Figure 19.

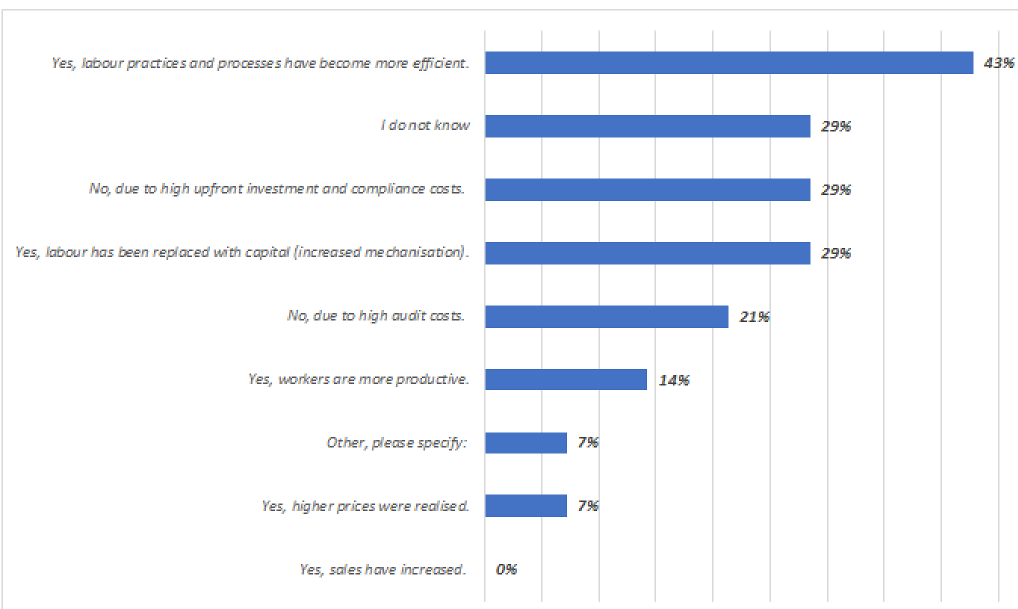


FIGURE 19: IMPACT OF SOCIAL STANDARDS COMPLIANCE ON PROFITABILITY
Source: Author's own compilation based on the survey data (2024)

The results presented in Figure 19 show that none of the proposed linkages between social standards compliance and profitability have received a majority vote by the respondents.

The figure shows that more efficient labour practices and processes are perceived as having the most positive impact on profitability. Furthermore, the replacement of labour by capital due to stringent labour standards is perceived to have a positive impact according to 29 percent of the respondents. This argument poses that lower labour cost and higher capital cost are offset by increased productivity on the wine farm (at the expense of employment). The figure also shows that the claim that certified wines fetch higher prices, and so improving revenue levels, is not supported by most respondents.

On the other hand, the cost of compliance has a negative impact on profitability according to 29 percent of the respondents. To al lesser extent, audit costs are also perceived to hamper profits. However, a significant proportion of the respondents (29 percent) does not know whether compliance with social standards have any impact on profitability at all. The results show that the impact of social standards on the economic sustainability of wine farms is a contentious matter.

Fairtrade International is the only social standards scheme in the wine sector that offers a price premium for wine that complies with its requirements and is sold under its consumer label (see also Section 4.3). As low profitability, low prices, and high audit and compliance cost are all putting pressure on the sector, respondents were asked to what extend financial incentives (e.g. price floors, price premiums, audit cost compensation) would contribute to the success of social standards schemes. Fifty percent was of the view that these are very important and a further 29 percent believed that incentives are somewhat important. One respondent stated: *"If the agricultural industry is not healthy, standards will not survive because they are also dependent on the success of the industry."* Another respondent said: *"There needs to be a benefit to a business if/when expenses are made. Otherwise, the business will resist the expense/change."*

Apart from incentives, higher export volumes due to the supply of more markets may also offset the financial pressures in the wine sector. However, half of the respondents view that compliance with social standards schemes have not increased the number of markets for South African wine. Forty-three percent was of the view they did, so this is also a rather argumentative matter. One respondent viewed that compliance has ensured the country's continued presence in its core wine markets. Another respondent stated: *"SA wine industry had been largely scrutinized because of the lack* *of proper implementation of the standards on the farms however with more adherence there has been slight increase in opportunities for new markets."*

To put this matter in perspective, analysis of the trade data in Section 2 showed a rather sideways trend in total wine exports over the last decade on the back of increasing and shifting export markets. Hence, this points to a rather growthless export market diversification.

The level of compliance with social standards is verified by regular on-farm audits. According to publications by the standard schemes, most of the audits are completed successfully. The high success rate has raised questions about the effectiveness and integrity of the audit process. Respondents were asked what underpinned the high success rate. Sixty precent viewed that this was because the already more "socially progressive" farms are members of the scheme. The baseline of the labour conditions on these wine farmers is already relatively high, making it easier for them to comply. Hence, a wine farm that has a relative high number of labour issues will likely not become a member of a social standard scheme so there is some degree of pre-selection.

A further 33 percent said that the high number of positive audits was due to the success of the social standards schemes. Only 7 percent of the respondents viewed that this was due to a flawed audit process. Hence, the respondents have a relative high level of trust in the audit process of social standards schemes.

Previous research shows that on wine farms that are member of a social standard scheme the material and social wealth of permanent farm workers increased more than for seasonal farm workers. A large majority (86 percent) of the respondents agree with these findings. One respondent says that the issue is that*: "Seasonal workers are seldom the same year after year. Often, they do not want to be tied down to a specific employer as their lifestyle is more nomadic either returning to other SADC countries or former "homelands" when they wish."*

Other respondents pose that: *"It is extremely difficult to reach seasonal labour with training initiatives and assistance. Unfortunately, during the seasons, there is no time on a farm for additional activities. Mostly, seasonal labourers do not live on farms or nearby permanently, so they can only change their lives for a short period until they go back to their homeland." "Both get paid basically the same, but permanent workers have more hours and benefits, is it then not obvious that they will have better material wealth and conditions?" "Permanent workers have job security, higher salaries, perks (provident fund, bonus etc.)*

Findings from earlier research suggests furthermore that, on wine farms that are a member of a social standards scheme, the female workers are worse off than male workers with regards to material wealth. However, in terms of social well-being the female workers are better off. A large majority (93 percent) of the respondents agree with these findings. One respondent said however: *"It should not make a difference since there is normally not a difference in hourly wage. Women generally spend more money on their kids though, which could answer this question."* Another respondent believed: *"There are a lot of focus on gender equality and therefore the circumstances are changing."*

Other research revealed that the highest level of compliance with social standard schemes on wine farms are for requirements that are directly linked to local legislation. Ninety-three percent of the respondents agree with this finding. *"Standards are built on local legislation with a drive to best practice. Best practice is not a requirement but only an observation that are mentioned"* mentioned one respondent. Other remarks included: *"They in essence are doing/enforcing what government fails to do. The Labour Department is non-existent." "Much of the standard is based on legislation. However, it is the impact of implementation, and it effects in workers that is measured in audits - highest level of compliance impacting worker's conditions of work, wellbeing that is measured."*
The cost of compliance and audit cost of social standards schemes are often raised as an inhibiting factor by wine farms. The respondents were asked which other stakeholders within the wine value chain should contribute to these costs incurred by producers.

Figure 20 shows that most of the respondents were of the view that overseas retailers (71%) and local government (64%) should assist farmers with compliance and audit cost. To a lesser extent they view that producer organisations, wine importers and local retailers should contribute. No respondent was of the opinion that the cost should only be burdened by the farmer.

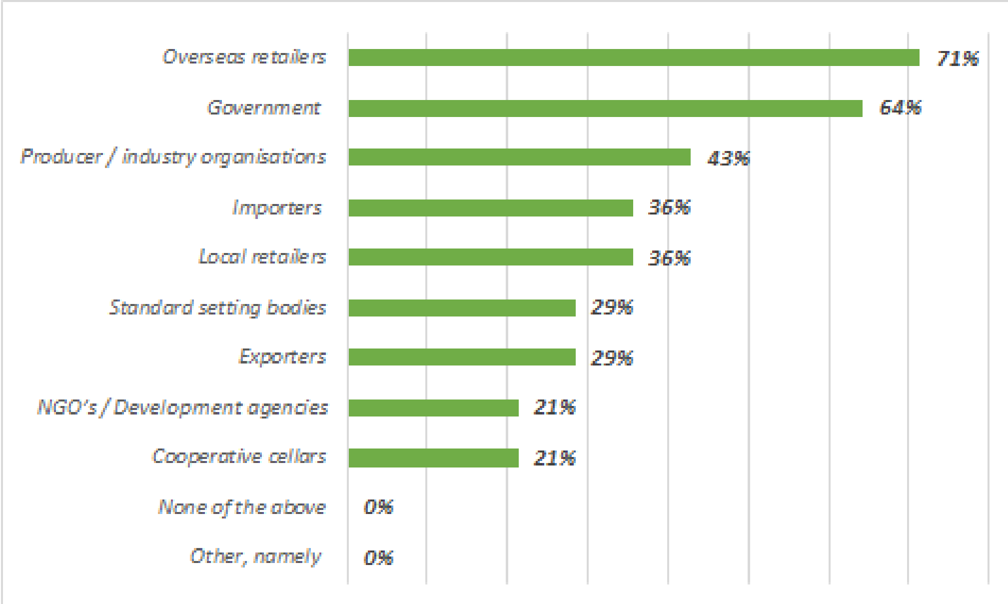


Figure 20: Potential cost sharing of social standards schemes
Source: Author's own compilation based on the survey data (2024)

One respondent was rather sceptical and said: *"If anyone in the value chain has to compensate, it will eventually filter down to the primary producer anyway, and the extra cost in the "supermarket" could lead to less sales."* Another respondent stated that: *"If this could be subsidised by government and industry players this would create more appetite to get involved in standards scheme for those non-certified wines and build a relationship over time where they would be incubated in terms of measurement of compliance."* Price is the main factor as stated by one respondent: *"Merely reflect it in the RRP and higher margins with a better producer price."*

The awareness and knowledge of social standards schemes amongst wine consumers in South Africa's export marker is rather limited according to the respondents. Sixty-four percent of them viewed that their awareness is either "none" or "limited". However, 29 percent still feels the awareness is "good" but none of the respondent viewed that it is "very good." Some of the comments raised were: *"I believe that the local wine standards are not that well-known overseas. The global standards are better known.'*
"I live oversees and consumers look at price. Most of the time they will not pay more for a product that claims better social standards. They are also not spending hours in shops looking for these products or reading up about them."

As discussed in Section 4.3, two of the three social standards schemes do not have a consumer label/seal that can be used by wine farms to communicate compliance and certification on the wine bottle. However, 43 percent of the respondents finds labelling very important in in terms of ensuring the success for social standard schemes. A further, 29 percent of the respondents find it somewhat important, and another 29 percent do not find it important to use labelling.

One respondent mentioned that: *"The label does create awareness that due diligence is being exercised against certain standards. It also creates visibility for those that meet these requirements as well as gives assurance to buyers."* On the other hand: *"The consumer trusts his/her importer and retailer to ensure the 'product' ticks all the ethical and sustainable boxes."* So, compliance is a basic requirement that does not need a seal/label. It was further noted that most consumers a relatively ignorant regarding these labels/seals.

This was the last theme of the survey. The next sub-section provides a systematic analysis of the impact pathways of ethical trade initiatives in the South African wine sector.

4.6 Impact pathways

4.6.1 Introduction

The MATS project aims to expand and enhance the available knowledge on the relationships between agricultural markets, trade, investments, policy, environmental sustainability, and human well-being. Against this background and the findings of CS12, this sub-section will discuss the different impact pathways of ethical trade initiatives in the South African wine sector. This is linked to research objective 6 and will be achieved by using Causal Loop Diagrams (CLD).

CLDs allow to create a holistic understanding of how a system works, and hence identify effective entry points for intervention, such as public policies. It provides a systematic map, and it explores and represent the interconnections between the key indicators in the sector or system under investigation (Probst & Bassi, 2014). As indicated by Sterman (2000), "A causal diagram consists of variables connected by arrows denoting the causal influences among the variables. The important feedback loops are also identified in the diagram. Variables are related by causal links, shown by arrows. Link polarities describe the structure of the system." CLDs include variables and arrows (called causal links), with the latter linking the variables together with a sign (either + or −) on each link, indicating a positive or negative causal relationship.

By emphasizing the drivers and impacts of the case study by mapping the causal relationships between key indicators, CLDs facilitate the identification of policy outcomes through a systemic approach (Probst & Bassi, 2014). CLDs can also be utilized to develop storylines for policy interventions, highlighting direct, indirect, and induced outcomes across social, economic, and environmental indicators.

4.6.2 Diagram

The CLD for this case study is depicted in Figure 21 below. The diagram was compiled based on the preceding analysis in this study (industry context, literature review and survey). It is by no means a complete network depiction of all the complexities in the South African wine sector, but it focusses on the interplay between South African wine production, wine exports to the EU, social standards schemes and farm workers, as these are the focus of Case Study 12.

Hence, the CLD provides a graphic summary of the case study. The main four elements of the case study have been highlighted in bold in the diagram (see Figure 21), as well as the main impact pathway of the study namely that between wine production and wine exports. This was the departure point of the case study.

Some of the impact pathways in the diagram are further explained by labels highlighted in italic. All of the linkages in the system were a causal relationship (impact pathway) could be established, underpinned by the analyses in this case study, are labelled with either a "+" or "-". This was done to indicate a positive or negative impact on the actor or indicator in the system. Some linkages have no sign as they merely indicate a directional relationship.

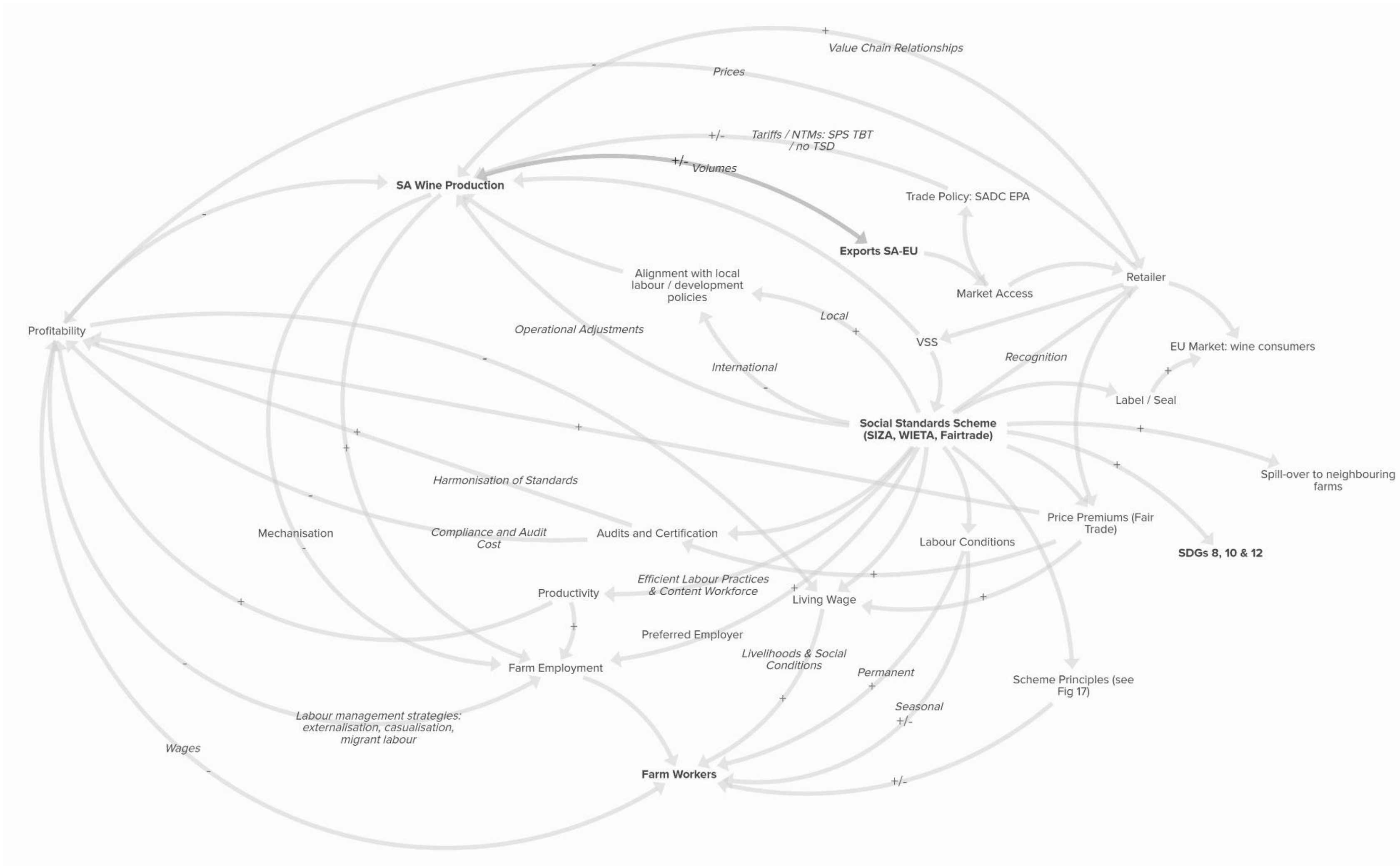


FIGURE 21: IMPACT PATHWAYS OF SOCIAL STANDARDS IN THE SOUTH AFRICAN WINE SECTOR
Source: Author's own compilation using KUMU (2024)

The underlying metrics for Figure 21 shows that the "Social Standard Scheme" element has the most connections in the CLD network (15) followed by "Profitability" and "Wine Production" with both nine connections. The "outdegree" measures the number of outgoing connections for an element. Elements with a high "outdegree" have a relatively large impact on the system and are the "causes" of the effects. The core elements in the CLD with the highest level of "outdegree" are "Social Standard Scheme" (14) and "SA Wine Production" (4). Of the non-core elements, "Retailer" (5) and "Profitability" (4) have the highest level of "outdegree". Hence, these four elements cause the most impact pathways / effects in the CLD network.

On the other hand, "indegree" measures the number of incoming connections for an element. Elements with a high "indegree" are the "subjects" in the system which are impacted by the "causes". The core elements in the CLD with the highest level of "indegree" are "SA Wine Production" (7) and "Farm Workers" (6). Of the non-core elements, "Farm Employment" (6) and "Profitability" (6) have the highest level of "indegree". Hence, these four elements are the subject of relatively the most impact pathways / effects in the CLD network. It is evident from Figure 21 that some elements in the CLD are both "cause" and "subject" at the same time.

The next and final section of the case study report will provide some limitations and key findings of the study as well as some policy recommendations.

5. LIMITATIONS, KEY FINDINGS AND RECOMMENDATIONS

5.1 Limitations

This study faced a few limitations. These include:

- Data availability: The South African wine sector is well-documented in terms of publicly available periodic production and trade statistics. However, some more detailed industry data on for example farm sizes, farm income, employment trends, wage trends is not publicly available. With regards to data on social standards schemes, data on for example audit cost, cost of compliance, and statistics on conformances and non-conformances by wine farms was rather limited.
- Stakeholder bias: The review of various publications of industry stakeholders and CSO's on social standards in the local wine sector, often revealed an

underlying narrative of the authors. It seems that opposing interests are underpinning this. For example, stakeholders representing the producer side have generally a more positive view of the current labour conditions in the local wine industry than the CSOs, workers- and labour organisations.

- Response rate: The response rate for the validation survey (see Section 4.5) conducted amongst industry stakeholders was relatively low. A convenience sample was targeted with the assistance of WIETA. The survey was relatively extensive and time consuming, and moreover, a general "survey exhaustion" was sensed. However, the responses received were from a variety of different industry players and provided valuable insights.
- Best practices: Although outside the scope of this case study, a thorough analysis of best practices amongst wine farms regarding compliance with social standards would provide important insights and lessons for the local wine sector and beyond.

5.2 Key findings and recommendations

This sub-section will briefly sum up the main findings from Case Study 12 in accordance with the three broad segments of the report. Moreover, this sub-section will also present some recommendations.

Local industry context:

- The wine sector is one of the most competitive sub-sectors in South African agriculture.
- Low levels of government support.
- South Africa is the eight largest global wine producer.
- Performance, profitability and employment within the South African wine sector is under pressure due to a myriad of local and international factors.

- Combined the primary and secondary wine sector employ more than 85 000 people. A quarter of this is seasonal employment and forty percent is low-skilled employment. About ten percent of the total agricultural workforce is employed in the wine sector.
- The unemployment rate in the wine producing areas is lower than the national average.

- The sector is highly export orientated.
- The UK and the EU are the most important export markets but are losing ground to Sub-Saharan Africa and North-America.

- The consumption of wine in South Africa's main export markets (EU, UK) is on a downwards trend.
- The country's exports of bulk wine have surpassed the exports of bottled wine.
- South African wine ranks sixth in the EU in terms of average price (good value for money)
- There are relative high trade barriers for South African wine in the EU market in terms of Tariff Rate quotas and non-Tariff Measures.
- There are three Voluntary Sustainability Standards (VSS) specifically focussing on labour conditions that are applicable to exports by the local wine sector: Wine and Ethical Trade Trading Association (WIETA), Fairtrade International, Sustainability Initiative of South Africa (SIZA)

- South Africa is ranked 110th out of 166 countries with regards to progress towards meeting the Sustainable Development Goals.
- The country does not perform well with regards to SDGs 8, 10 and 12 which are linked to this case study.

Literature review:

- The unemployment rate in South Africa is one of the highest in the world. In rural areas, where almost a third of the people reside, more than half of the people are unemployed.
- There is a growing divide between a smaller core of permanent workers versus a growing pool of seasonal workers in local agriculture.
- There has been an increase in the capital-labour ratio and a decrease in labour productivity in local agriculture.
- In general, a poor state of labour relations in South Africa (ranked 2139th out of 141 countries)
- Working conditions of farm workers vary greatly.
- New labour management strategies are gaining importance in the local agricultural (and wine) sector: casualisation, externalisation and migrant labour.
- Unintended consequences of policies:
  More stringent labour standards → increase in labour cost → decrease in employment levels and shifts in labour management strategies
  Increase in security of tenure for farm workers → evictions and reduction in on-farm housing → movement of farmworkers to rural towns.
- Minimum wages in agriculture are set annually through sectoral determination by a wage commission. Additional benefits are regulated by legislation.
- The gap between the current minimum wage and a living wage is just over 30 percent.

- The are seven different local labour policies that are relevant for farm work.
- The local labour inspectorate performs poorly and should be improved to better enforce on-farm compliance with local labour laws.
- There should be a better alignment between local labour policies and global practices and standards
- Black Economic Empowerment (BEE) and land reform are two local socio-economic development policies that may impact farmworkers.
- The linkage between social standards and local agricultural development policies and initiatives should be improved.

- Numerous research studies hav focused on the employment situation in the South African wine sector. Common themes are the position of migrant and female labour, wages and benefits, as well as working and living conditions.
- Please refer to Table 5 for an overview of the main findings of the review of the academic literature.

- A variety of CSO reports have investigated the labour conditions on South African wine farms. They mostly present a bleak picture.
- South African farmworkers in the wine sector face harsh working conditions, exposure to pesticides, low wages, and lack of legal benefits. Union formation is low, and land tenure rights are insecure.
- Efforts by the government and private sector to improve conditions have been insufficient to meet basic standards set by South African law and industry codes of conduct.
- Some employers comply with South African laws and go beyond legal requirements by providing additional benefits such as healthcare, free transport, food, childcare, educational programs, and alcohol abuse interventions.
- A study by the Women on Farms Project (WFP) highlighted the marginalised position of female farm workers, with issues such as lack of formal contracts, low wages, inadequate occupational health and safety measures, and low trade union membership.
- Externalisation and casualisation of workers on wine farms: farm owners outsourcing work to labour brokers, resulting in difficulties for workers to secure permanent contracts and persistent occupational health and safety issues.
- A significant concern is the displacement of farmworkers and inadequate housing conditions. Farmworkers face the risk of eviction, poor sanitation, and substandard housing
- Oppressive labour relations on farms: this is exacerbated by the dependency on housing, which hinders social dialogue, freedom of association, and collective

bargaining. There is deep mistrust between farm owners and union organisers, and efforts to improve the situation, such as WIETA, face challenges in gaining workers' trust.

- Albert Heijn, a Dutch supermarket chain, commissioned an HRIA on its South African wine supplier. The report found the supplier to be generally compliant with international human rights norms but identified areas for improvement, such as housing, worker representation, occupational health and safety, and grievance mechanisms.
- An Oxfam case study focused on migrant women workers on South African wine farms supplying German supermarkets. It highlighted issues such as low wages, lack of contracts, exposure to pesticides, and harassment. Migrant workers also face difficulties in obtaining work permits and fear deportation, which hinders their ability to assert their rights.
- The Oxfam report criticizes German supermarkets for exploiting workers and calls for a binding human rights due diligence law to ensure companies respect workers' rights. Recommendations include increasing transparency, improving wages and working conditions, and supporting fair trade and ethical consumption.
- The Finnwatch report poses that colonial and Apartheid history, unequal land ownership, and the exploitation of migrant workers have shaped the wine industry.
- The legal minimum wage is insufficient to meet workers' basic needs. The report also criticizes the quality and availability of housing provided by farm owners and compares the minimum wage with the living wage calculated by the Global Living Wage Coalition.
- The report recommends that wine suppliers adopt human rights due diligence processes, conduct regular audits, disclose information about suppliers, support land redistribution efforts, and promote the participation and promote the participation and empowerment of black workers in the wine industry.

- Compliance Costs and Variability: A study by Collinson (2001) found significant variability in the compliance costs with the ETI social standard code among wine farms. Annual costs ranged from R 32,000 (€3,232) to R 436,000 (€44,040), representing 0.1 to 30 percent of annual turnover. Generalisations about compliance costs should be avoided due to differing starting points and conditions across wine regions.
- The largest compliance costs are associated with the introduction of a living wage, followed by management time spent on compliance. Capital expenditure is minimal, except for housing upgrades. The study suggests that differentiating

terms for permanent and seasonal workers could reduce costs, and improved worker welfare could enhance labour productivity and management efficiency.

- There are currently three voluntary social standards of relevance in the local wine sector: Wine Industry Ethical Trade Initiatives (WIETA), SIZA (ETI), and Fair Trade International. The two former standard schemes are locally developed. As where most global social standards focus on small-scale farmers, these standards focus specifically on improving the labour conditions of farm workers. Previous studies show their impact has been mixed.
- Please refer to Tables 6 and 7 for a brief comparison of these three social standard schemes.

- Key Informant Interviews: the key findings of the interviews were presented in Section 4.3

Survey:

- Mixed Perceptions of Social Standards: While a majority of respondents believe that social standards have positively impacted various labour conditions, some principles, such as childcare and schooling, received significant scepticism regarding their progress.
- Persistent Labor Issues: Key persistent labour issues identified include housing, wages, trade unions, and alcohol/drug abuse, with the first three directly linked to social standards and labour legislation.
- Transparency Concerns: A majority (57%) of respondents expressed concerns about the lack of transparency in social standards schemes, particularly regarding the availability of compliance data and audit results.
- Impact on Profitability: Respondents indicated that compliance with social standards could have both positive and negative impacts on profits, with many acknowledging the pressure on profitability in the wine sector due to rising costs and price pressures from retailers.
- Power Dynamics in the Value Chain: Retailers were perceived as the most powerful actors in the export value chain, followed by importers and cellars/bottlers, while wine grape farmers ranked lower.

- Improved Relationships: Despite the power imbalances, 79% of respondents agreed that social standard schemes have improved relationships and cooperation among actors in the wine export value chain.

- Labor Conditions on Certified vs. Non-Certified Farms: A significant majority (71%) of respondents agreed that labour conditions on non-certified farms are of a lower standard compared to certified ones.
- Debatable Statements: The survey revealed contentious views on certain statements regarding Fairtrade certification, the effectiveness of social audits, and the role of labour brokers in creating tensions among workers.

6. LIST OF REFERENCES

Anker, R. and Anker, M. (2013). *Living Wage for rural South Africa with Focus on Wine Grape Growing in the Western Cape Province*. Fairtrade International, Bonn

Balassa, B. (1964). Tariff Protection in Industrial Countries: An Evaluation. *Journal of Political Economy*, 73(5), 573-594.

Balineau, G. (2013). Disentangling the Effects of Fair Trade on the Quality of Malian Cotton. *World Development, 44, 241–255.*

Banerji, S., and Willoughby, R. (2019). *Addressing The Human Cost of Assam Tea: An Agenda For Change to Respect, Protect and Fulfil Human Rights On Assam Tea Plantations.* Oxfam International, Nairobi

Barrientos, A and Visser, M. (2012). South African Horticulture: Opportunities and Challenges for Economic and Social Upgrading in *Value Chains." Global Development Institute Working Paper Series*, ctg-2012-12, Manchester.

Beardon, H. (2020). *The World Fair Trade Organization: Scaling Equitable Business Models*. Oxfam International, Nairobi.

Bek, D., McEwan, C. and Bek, K. (2007). Ethical Trading and Socioeconomic Transformation: Critical Reflections on the South African Wine Industry. *Environment and Planning, Volume 39, p. 301-319*

Bell, J. (2022). *Social Upgrading or Dependency? Investigating The Implications of The Inclusion of Commercial Wine Farms Within South African Fairtrade Certification.* PhD Thesis, Rhodes University.

Benjamin, P. (2010). ILO Technical Memorandum (unpublished 2010).

BFAP (2012). *Farm Sectoral Determination: An Analysis of Agricultural Wages In South Africa.* Bureau for Food and Agricultural Policy (BFAP), Pretoria.

BFAP (2022). *BFAP Baseline Agricultural Outlook 2022 – 2031*. Bureau for Food and Agricultural Policy (BFAP), Pretoria.

Bhorat, H., Kanbur, H. and Mayet, N. (2012). Minimum Wage Violation in South Africa. *International Labour Review*, *Vol. 151.3*

Bissinger, K., Brandi, C., Cabrera de Leicht, S., Fiorini, M., Schleifer, P., Fernandez de Cordova, S., and Ahmed, N. (2020). *Linking Voluntary Standards to Sustainable Development Goals.* International Trade Centre (ITC), Geneva

Brown, S., and Getz, C. (2008). Towards Domestic Fair Trade? Farm Labor, Food Localism, and the 'Family Scale' Farm. *GeoJournal, 73(1), 11–22.*

Büthe, T. (2010). Private Regulation in the Global Economy: A (P)Review. *Business Politics. 12(3):1–38.*

Cashore, B., Auld, G. and Newsom, D. (2004). *Governing Through Markets: Forest Certification and the Emergence of Non-State Authority*. Yale University Press, New Haven.

Collinson, C. (2001). *The Business Costs of Ethical Supply Chain Management: South African Wine Industry Case Study.* National Resource Institute (NRI), Report No. 2606, University of Greenwhich, Chatham.

Cramer, C., Johnston, D., Oya, C., and Sender, J. (2014). *Fairtrade, Employment and Poverty Reduction in Ethiopia and Uganda*. Department for International Development (DFID), London.

DAFF (2017). *A Profile of the South African Wine Market Value Chain – 2017*. Department of Agriculture Forestry and Fisheries (DAFF), Pretoria

DALRRD (2018). *Census of Commercial Agriculture – 2017.* Department of Agriculture, Land Reform and Rural Development (DALRRD), Pretoria.

Darko, E., Lynch, A., and Smith, W. (2017). *The Impact of Fairtrade: A Review of Research Evidence 2009-2015*. Overseas Development Institute (ODI), Londen.

Das, R. (2011). Gender in Practices of Fair Trade and Decent Work: Production Chain Analysis in a Fair-trade Organization in India. *Gender, Technology and Development, 15(1), 101–125.*

DEL (2022). P*erformance Summary of the Inspection and Enforcement Services (IES) 2021-2022*. Department of Employment and Labour (DEL), Pretoria

DEL (2023). *National minimum Wage Commission*. Available online: https://www.labour.gov.za/About-Us/Pages/National_Minimum_Wage_Commission.aspx [Accessed March 2023]. Department of Employment and Labour (DEL), Pretoria

Devereux, S., Levendal, G. and Yde, E. (2017). *Understanding The Labour Conditions of Women Farm Workers in The Western Cape and The Northern Cape, South Africa*. Women on Farms Project, Stellenbosch.

Dietz, T., Auffenberg, J., Estrella, C.A., Grabs, J. and Kilian, B. (2018). The Voluntary Coffee Standard Index (VOCSI). Developing a Composite Index to Assess and Compare the Strength of Mainstream Voluntary Sustainability Standards in the Global Coffee Industry. *Ecological Economics. 150:72–87.*

Doherty, B., Haugh, H., Sahan, E., and Wills, T. (2020). *Creating the New Economy. Business Models that Put People and Planet First.* World Fair Trade Organization, Culemborg

Dolan, C. S. (2010). Virtual moralities: The mainstreaming of Fairtrade in Kenyan tea fields. *Geoforum, 41(1), 33–43.*

Dragusanu, R., Giovannucci, D. and Nunn, N. (2014). The Economics of Fair Trade. *Journal of Economic Perspectives, 28 (3): 217-236*.

DSD (2023). *Social grant Payment System (SOCPEN).* Department of Social Development (DSD), Pretoria

DSL (2022). *Towards a Decent Life for All*. The Decent Standard of Living (DSL) Project, Social Policy Initiative (SPI), the Southern African Social Policy Research Institute (SASPI), and the Labour Service.

Du Toit, A. (2002). Globalizing Ethics: Social Technologies of Private Regulation and the South African Wine Industry. *Journal of Agrarian Change, Vol. 2 No. 3, pp. 356–380.*

Du Toit, A. and Ewert, J. (2005). A Deepening Divide in the Countryside: Restructuring and Rural Livelihoods in the South African Wine Industry. *Journal of Southern African Studies, 31(4), 733-752.*

Du Toit, A., Kruger, S., and Ponte, S. (2008). Deracializing Exploitation? 'Black Economic Empowerment' in the South African Wine Industry. *Journal of Agrarian Change, 8(1), 6-32.*

EC (2023). *EPA SADC - Southern African Development Community*. Available online: https://trade.ec.europa.eu/access-to-markets/en/content/epa-sadc-southern-african-development-community [Accessed November 2023]. European Commissions (EC), Brussels

EC (2024). *Corporate Sustainability Due Diligence*. Available online: https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en [Accessed January 2024]. European Commissions (EC), Brussels

ETI, (2023). Ethical Trading Initiative Website. Available online: https://www.ethicaltrade.org/ [Accessed December 2023]. Ethical Trading Initiative (ETI), London.

EuroSTAT (2023). International Trade in Goods. Available online: https://ec.europa.eu/eurostat/databrowser/view/ds-045409/legacyMultiFreq/table?lang=en&category=ext_go.ext_go_detail [Accessed June 2023. Eurostat, Luxembourg.

Ewert, J., Martin, A. and Nelson V. (2005). *Assessment Of the Social Impact of Adoption of Codes Of Practice In The South African Wine Industry*. National Resource Institute (NRI), University of Greenwhich, Chatham.

Fairtrade (2023a). *The History of Fairtrade*. Available online: https://www.fairtrade.org.uk/What-is-Fairtrade/The-impact-of-our-work/The-History-of-Fairtrade/ [Accessed December 2023]. Fairtrade International, Bonn

Fairtrade (2023b). *Website of Fairtrade International*. Available online: https://www.fairtrade.net/en.html [Accessed March 2023]. Bonn

Fairtrade Africa (2010). *Impact of Fairtrade in South Africa – 2010*. Fairtrade Africa, Cape Town.

Fairtrade Africa (2023). *Fairtrade Wine Catalogue*. Available online: https://fairtradeafrica.net/wine/ [Accessed April 2023]. Fairtrade Africa, Cape Town.

FAOSTAT (2023). FAO Data Explorer. Available online: https://dataexplorer.fao.org/ [Accessed August 2023]. Food and Agricultural Organisation (FAO) of the United Nations, Rome.

FAOSTAT (2024). *FAO Data Explorer.* Available online: https://dataexplorer.fao.org/ [Accessed January 2024]. Food and Agricultural Organisation (FAO) of the United Nations, Rome.

Finnwatch (2023). *Human Rights in South African Wineries*. Finnwatch, Helsinki.

Francis, D. and Valodia, I. (2021). *Black Economic Empowerment: A review of the literature*. Southern Centre for Inequality Studies, University of Witwatersrand, Johannesburg

Francis, D. and Webster, E. (2019). Poverty and Inequality in South Africa: Critical Reflections. *Development Southern Africa 36(6) pp. 788–802.*

FTI Consulting (2024). *Macro-Economic Impact of the Wine Industry on the South African Economy: 2022 Vintage.* Forensics Technologies International (FTI) Consulting, Cape Town.

GLWC (2023). The Global Living Wage Coalition – South Africa. Available online: https://www.globallivingwage.org/countries/south-africa/ [Accessed May 2023].

Godfrey, S. and Clarke, M. (2002). The Basic Conditions of Employment Act Amendments: More questions than answers. *Law Democracy and Dev. (1) 2002:12.*

Government Gazette (2023). *Procedures for the Application, Administration and Allocation of Export Quotas under the Economic Partnership Agreement between The European Union and Southern African Development Community for the Year 2024.* Government Notice 4020, Government Gazette 31-10-2023, Pretoria.

Grabs, J. (2020). *Selling Sustainability Short? The Private Governance of Labour and The Environment in The Coffee Sector?* Cambridge: Cambridge University Press.

Greenberg, S. (2010). *Status Report on Land and Agricultural Policy in South Africa, 2010.* PLAAS Research Report 40. Belville: PLAAS.

Halabi, A. K., Sartorius, K. and Arendse, J. (2013). An investigation of the efficiency of South Africa's sector education and training authorities (SETA's). *South African Journal of Business Management Vol 44.2: 1-9.*

Hall, R., Wisborg, P., Shirinda, S. and Zamchiya, P. (2013). Farm Workers and Farm Dwellers in Limpopo Province. *Journal of Agrarian Change, 13: 47-70.*

Hastings, T. (2019). Leveraging Nordic Links: South African Labour's Role in Regulating Labour Standards in Wine Global Production Networks. *Journal of Economic Geography 19 (2019) pp. 921–942.*

Hastings, T. (2019). Leveraging Nordic Links: South African Labour's Role in Regulating Labour Standards in Wine Global Production Networks*. Journal of Economic Geography 19 (2019) pp. 921–942.*

Herman, A. (2012). Tactical Ethics: How The Discourses of Fairtrade and Black Economic Empowerment Change and Interact in Wine Networks from South Africa to the UK. *Geoforum, 43 (6): 1121-1130.*

HRW (2011). *Ripe with Abuse Human Rights Conditions in South Africa's Fruit and Wine Industries.* Human Rights Watch (HRW), Berlin

ICCO (2021). *Human Rights Impact Assessment Wine – South Africa 2021.* Interchurch Organisation for Development Cooperation 9ICCO), The Hague.

IOstat (2023). Statistical Database of the International Labour Organisation. Available online: https://ilostat.ilo.org/ [Accessed September 2023]. International Labour Organisation (ILO) Department of Statistic, Geneva.

ITC (2023a). *Market Access Map*. Available online: https://www.macmap.org/ [Accessed May 2023]. International Trade Centre (ITC), Geneva

ITC (2023b). *Standards Map*. Available online: [Accessed August 2023]. *International Trade Centre (ITC), Geneva.*

Jari B., Snowball, J.D. and Fraser, G.C.G. (2013). Is Fairtrade in Commercial Farms Justifiable? Its Impact on Commercial and Small-Scale Producers in South Africa. *Agrekon, 52:4, 66-88*

Keahey, J. (2016). Whose Knowledge Counts? Developing Fair Trade Skills in South Africa. *Globalizations, 13 (4): 409-424.*

Keahey, J. Raynolds, L.T. Kruger, S. and du Toit, A. (2018). Participatory Commodity Networking: An Integrated Framework for Fairtrade Research and Support. *Action Research, 16 (1): 25-42.*

Keahey, J., Raynolds, L.T., Kruger, S., and du Toit, A. (2018). Participatory commodity networking: An integrated framework for Fairtrade research and support. *Action Research, 16 (1): 25-42*.

Klier, S., and Possinger, S. (2012). Fairtrade Impact Study. Final Report. Assessing the Impact of Fairtrade on Poverty Reduction through Rural Development. Centrum für Evaluation - Universität des Saarlandes, Saarbrucken.

Kritzinger, A., Barrientos, S. and Rossouw, H. (2004), Global Production and Flexible Employment in *South African Horticulture: Experiences of Contract Workers in Fruit Exports*. Sociologia Ruralis, 44: 17-39.

Kruger, S. and Du Toit, A. (2007). Reconstructing Fairness: Fair Trade Conventions and Worker Empowerment in South African Horticulture. In: *Raynolds, L.T. Murray, D. and Wilkinson, J. (eds.). Fair trade: The challenges of transforming globalization, 200-219*. Routledge, London.

Krumbiegel, K., Maertens, M., and Wollni, M. (2018). The Role of Fairtrade Certification for Wages and Job Satisfaction of Plantation Workers. *World Development, 102, 195–212.*

Krumbiegel, K., Maertens, M., and Wollni, M. (2018). The Role of Fairtrade Certification for Wages and Job Satisfaction of Plantation Workers. *World Development, 102, 195–212.*

Levi, M. and Linton, A. (2003). Fair Trade: A Cup at A Time? *Politics & Society, 31 (3) 407-432.*

Maguire, J.S., Bridgeman, N-M, Marco-Thyse, S. and Erasmus, C.E. (2022). Wine Farmworkers, Provenance Stories and Ethical Value Claims. *Journal of Wine Research, 33:4, 214-234*

Makita, R. (2012). Fair Trade Certification: The Case of Tea Plantation Workers in India. *Development Policy Review, 30(1), 87–107.*

Mather, C and Greenberg, M. (2003). The Impact of Globalization on the South African Wine Industry. *In: Globalization and Wine: Impacts on Production, Trade, and Consumption*. Edited by K. Ashenfelter and R. Storchmann. Cambridge University Press, Cambridge.

McEwan, C., and Bek, D. (2009). The Political Economy of Alternative Trade: Social and Environmental Certification in The South African Wine Industry. *Journal of Rural Studies, 25(3), 255–266.*

Meade, E. and Ahlid, S. (2016). *Social Sustainability in South Africa's Wine Industry: A Study of Freedom of Association*. Master of Science Thesis, KTH Industrial Engineering and Management, Stockholm.

Meemken, E.-M., Sellare, J., Kouame, C. N., and Qaim, M. (2019). Effects of Fairtrade on the livelihoods of poor rural workers. *Nature Sustainability, 2(7), 635–642.*

Mehlala, S. (2019). *The analysis of the implementation of the AgriSETA's Internship Programme by the Department of Higher Education and Training.* Mini Dissertation (MPublicAdmin), University of Pretoria

Moore, L. B. (2010). Reading tea leaves: *The Impact of Mainstreaming Fair Trade. (Working Paper No. 10-106; Working Paper Series).* Development Studies Institute, London School of Economics and Political Science.

Moseley, W.G. (2008). Fair Trade Wine: South Africa's Post-Apartheid Vineyards and the Global Economy. *Globalizations Vol. 5, No. 2, p. 291–304.*

Murray, D.L. and Raynolds, L. (2007). Globalization and its Antinomies: Negotiating a Fair Trade Movement. *In: Raynolds, L.T. Murray, D. and Wilkinson, J. (eds.). Fair trade: The challenges of transforming globalization, 3-14*. Routledge, London.

Nicita, A. and Gourdan, J. (2013). *Preliminary Analysis on Newly Collected Data on Non-Tariff Measures*. UNCTAD Blue Series Papers No. 53, United Nations Conference on Trade and Development (UNCTAD), Geneva.

NPC (2011). *National Development Plan – Vision 2023*. National Planning commission (NPC), Pretoria

NPC (2019). *Mapping the National Development Plan to the United Nations and African Union Sustainable Development Agendas*. National Planning Commission (NPC), Pretoria

OECD (2023). *OECD Date Explorer.* Available from: https://data-explorer.oecd.org/ [Accessed November 2023]. Organisation of Economic Cooperation and Development (OECD), Paris.

OIV (2023). *World Wine Production Outlook – 2022*. International Organisation of Vine and Wine (IOV), Dijon.

Overton, J., Murray, W.E. and Howson, K. (2019). Doing Good by Drinking Wine? Ethical Value Networks and Upscaling of Wine Production in Australia, New Zealand and South Africa. *European Planning Studies, 27:12, 2431-2449.*

Oxfam (2022a). *Workers In Fair Trade Schemes Empowering the Most Vulnerable?* Oxfam International Fair Trade Working Group, Nairobi

Oxfam (2022b). *No Limits to Exploitation – Migrant Labourers in the Supply Chain of German Supermarkets*. Oxfam Germany, Berlin.

Oya, C., Schaefer, F., and Skalidou, D. (2018). The Effectiveness of Agricultural Certification In Developing Countries: A Systematic Review. *World Development. 112:282–312.*

Ponte, S., Das Nair, R. and Chisiro, S. (2023). Is Sustainability Governance Abetting Inequality? Reflections From the South African Wine Value Chain. *Geoforum 147-103877*

Probst, G., and Bassi, A. (2014). *Tackling Complexity: A Systematic Approach for Decision Makers.* Greenleaf Publishing, Sheffield.

Raynolds, L. T., and Keahey, J. A. (2008). Fair Trade, Gender and The Environment in Africa. *In Handbook on Trade and the Environment*. Edward Elgar Publishing.

Reis, J. G., & Farole, T. (2012). *Trade Competitiveness Diagnostic Toolkit*. The World Bank, Washington, DC. ISBN: 978-0-8213-8937-9.

ReX (2024) *Regional eXplorer*. S&P Global - Market Intelligence South Africa, Johannesburg.

Robbins, R.H. (2013). Coffee, Fair Trade and The Commodification of Morality. *Reviews in Anthropology, 42: 243-263*.

SA History Online (2015). The Western Cape Farm Workers Strike 2012-2013. Available online: https://www.sahistory.org.za/article/western-cape-farm-workers-strike-2012-2013 [Accessed July 2023].

Saayman, A. and Saayman, M. (2019). Do wine tourists care about the labourer? *South African Journal of Economic and Management Sciences 22(1), a2477*

SAWIS (2022). *SA Wine Industry 2022 Statistics - Nr 47*. South African Wine Industry Information and Systems (SAWIs), Paarl.

Seidman, G. (2008). Transnational Labour Campaigns: Can the Logic of the Market Be Turned Against Itself? - Transnational Labour Campaign. *Development and Change, 39(6), 991–1003.*

SIZA (2020). *Social Standard.* Sustainability Initiative of South Africa (SIZA), Somerset West.

SIZA (2023a). Website of the Sustainability Initiative of South Africa (SIZA). Available online: https://siza.co.za/ [Accessed March 2023]. Somerset West.

SIZA (2023b) *Social (Ethical) Monitoring and Evaluation Report - Quarterly Update for Q1 2023/2024.* Sustainability Initiative of South Africa (SIZA), Somerset West.

SIZA, (2021). *Social (Ethical) Audit Process & Methodology.* Sustainability Initiative of South Africa (SIZA), Somerset West.

Skinner, C. (2007). *Labelling to Promote Broad-Based Black Economic Empowerment In South Africa: A Case Study of the Thandi Empowerment Label*. Master Thesis, University of Kwazulu-Natal, Pietermaritzburg.

SOMOS and TCOE (2020). *Pressing Issues South African Wine Farms and The Responsibility for Due Diligence by Dutch Supermarkets*. Stichting Onderzoek Multinationale Ondernemingen (SOMOS), Amsterdam. Trust for Community Outreach and Education (TCOE), Cape Town.

South African Government (2023). Official Information and Services. Available online: https://www.gov.za/ [Accessed November 2023]. Government communications, Pretoria.

Stanwix, B. (2013). *Minimum Wages and Compliance in South African Agriculture*. Econ3x3 Working Paper.

Staricco, J. I. (2019). Class Dynamics and Ideological Construction in the Struggle over Fairness: A Neo-Gramscian Examination of the Fairtrade Initiative. *The Journal of Peasant Studies,* 46(1),

StatsSA (2019) Tracking South Africa's Sustainable Development Goals. Available online: https://www.statssa.gov.za/?p=12813 [Accessed May 2023]. Statistics South Africa (StatsSA), Pretoria.

StatsSA (2023). *Labour Force Survey*. Statistics South Africa (StatsSA), Pretoria.

Sterman, J. D. (2000). *Business Dynamics - Systems Thinking and Modelling For A Complex World.* Irwin McGraw-Hill.

Sutton, S. (2012). *Add Producers and Stir? (Re)Politicizing Fairtrade Participation* (Working Paper Nr. 38; CGR Working Paper Series, p. 31). Queen Mary, University of London.

Sylvain, R. (2001). Bushmen, Boers and Baasskap: Patriarchy and Paternalism on Afrikaner Farms In The Omaheke Region, Namibia. *Journal of Southern African Studies, 27 (4): 717-737.*

Terstappen, V., Hanson, L., and McLaughlin, D. (2013). Gender, Health, Labour, And Inequities: A Review of the Fair and Alternative Trade Literature. *Agriculture and Human Values, 30(1), 21–39.*

Trans Sustain (2021). *Trans Sustain Project*. Available online: https://www.uni-muenster.de/Transsustain/ [Accessed October 2023].

UN Comtrade (2023). United Nations Commodity Trade Statistics Database. United Nations (UN) Statistics Division, New York.

UNCTAD (2019). *Asia-Pacific Trade and Investment Report 2019*. United Nations Conference on Trade and Development (UNCTAD), Geneva.

UNCTAD (2021). *Better Trade for Sustainable Development: The Role of Voluntary Sustainability Standards*. United Nations Conference on Trade and Development (UNCTAD), Geneva.

UNCTAD (2023a). *Introduction to Non-Tariff Measures.* Available online: https://unctad.org/topic/trade-analysis/non-tariff-measures/NTMs-Introduction [Accessed August 2023]. United Nations Conference on Trade and Development (UNCTAD), Geneva.

UNCTAD (2023b). *Trade Analysis Information System (TRAINS*). Available online: https://trainsonline.unctad.org/home [Accessed September 2023]. United Nations Conference on Trade and Development (UNCTAD), Geneva.

Visser, M. and Ferrer, S. (2015). *Farm Workers' Living and Working Conditions In South Africa: Key Trends, Emergent Issues, and Underlying and Structural Problems*. The International Labour Organization, Pretoria

Visser, M. and Godfrey, S. (2017). *Are Trade Unions and NGOs Leveraging Social Codes to Improve Working Conditions? A Study of Two Locally Developed Codes in The South African Fruit and Wine Farming Sectors*. Working Paper 49, Institute for Poverty, Land and Agrarian Studies (PLAAS), University of the Western Cape, Cape Town

Vogel, D. (2008). Private Global Business Regulation. *Annual Review of Political Science. 11(1):261–282.*

WEF (2019). *2019 Global Competitiveness Report.* World Economic forum (WEF), Geneva.

WIETA (2018). *Evaluation of the Implementation and Impact of the WIETA Code*. Wine Industry Ethical Trade Association (WIETA), Stellenbosch.

WIETA (2021a). *WIETA Standard – Version 4.0.* Wine Industry Ethical Trade Association (WIETA), Stellenbosch.

WIETA (2021b). *The WIETA Audit Process and Methodology – Version 4*. Wine Industry Ethical Trade Association (WIETA), Stellenbosch.

WIETA (2023). *Website of the Wine Industry Ethical Trade Association (WIETA)*. Available online: https://wieta.org.za/ [Accessed March 2023]. Stellenbosch

WITS (2023). European Union Non-Tariff Measure (NTM) – Summary. Available online: https://wits.worldbank.org/tariff/non-tariff-measures/en/country/EUN [Accessed October 2023]. World Integrated Trade Solutions (WITS), World Bank, Washington, DC.

WITU (2023). *Wine Industry Transformation Unit* Website. Available online: https://witu.co.za/ [Accessed August 2023]. Wine Industry Transformation Unit (WITU), Paarl

World Bank (2023). *World Bank Open Data.* Available online: https://data.worldbank.org/ [Accessed March 2023]. World Bank, Washington, DC.

WoSA, (2023). *Why South African Wines Flop Overseas* in Financial Mail 30-11-2023. Wines of South Africa (WOSA), Stellenbosch.

Zahn, T., Vogel, S., Rötzsch, F., and Knapp, J. (2022). *No Limits to Exploitation. Migrant Laborers in the Supply Chains of German Supermarkets*. Oxfam Deutschland, Berlin

APPENDIX 1

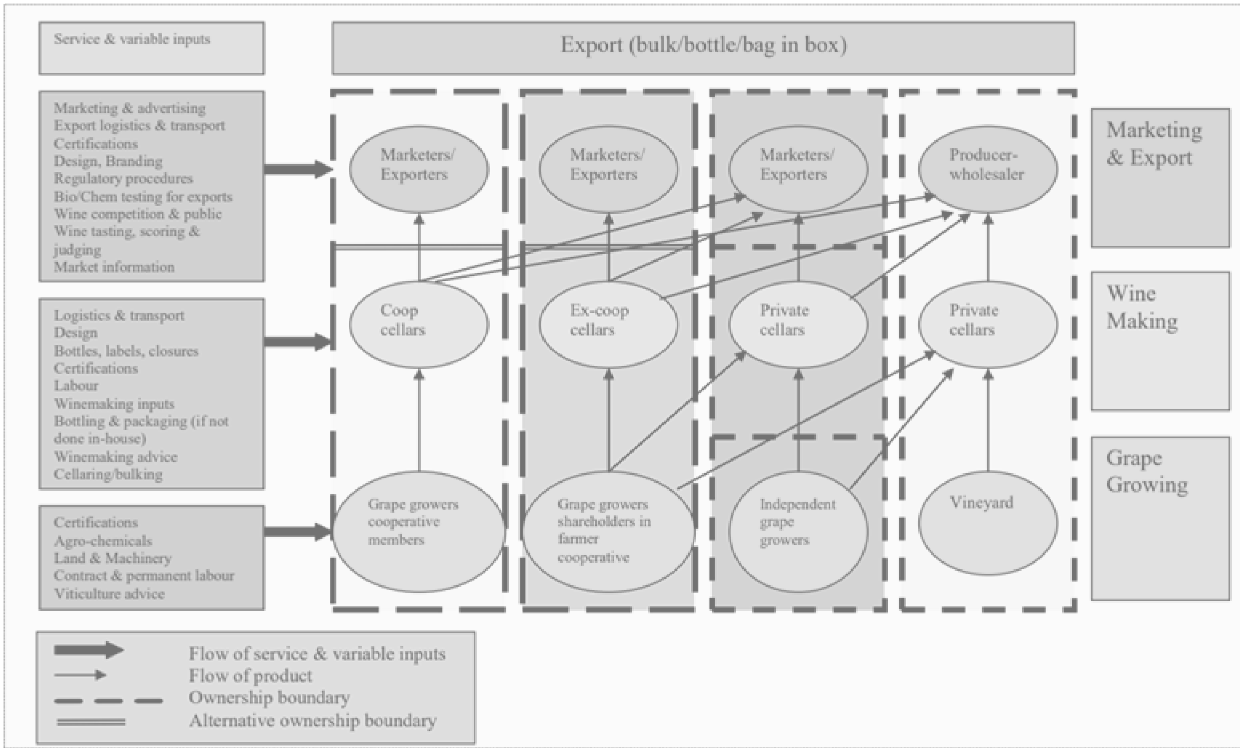


Figure A1: South Africa's wine export value chain

Source: DAFF (2017)

APPENDIX 2

Making Agricultural Trade Sustainable (MATS) - Project

Case study 12: Ethical trade initiatives in the South African wine sector

Survey questions

Method: online survey - https://forms.office.com/r/KkNGW6pRDq

Focus: social standards, wine exports, EU market, labour conditions

Objective: to validate, and elaborate on, findings from the desktop research

Target group: a selected sample of labour unions, worker representatives, wine farmers, cellars, CSO's, sector organisations

Target response: 18 -24 respondents

Introduction:

The MATS project is funded by the EU and aims to identify key leverage points for changes in agricultural trade policy that foster the positive and reduce the negative impacts of trade on environmental sustainability and human well-being. The research consortium of the project consists of 14 partners located in the EU and Africa.

Focus is on improving the governance, design and implementation of trade regimes and policies at private sector, national, EU, African and global levels. Particular attention is paid to SDG1 'No Poverty', SDG2 'Zero Hunger' and SDG3 'Good Health and Well-being', as well as SDG6 'Clean Water', SDG13 'Climate Action' and SDG15 'Life on Land'

The main strength of MATS is the novel blending of 15 in-depth case studies with an integrated modelling, assessment, and simulation framework as well as a carefully designed public engagement process. The blending is planned in a way that will provide insights into the linkages between real-life impacts and actual trade regimes and governance arrangements.

The two key questions for the 15 case studies (CS) in MATS are (i) how given trade regimes, investments into agri-food value chains and sustainability standards impact local, and, in some cases, national, and international socioeconomic and environmental conditions, and (ii) how to foster the positive and reduce the negative impacts of agri-food trade and trade policy regimes on sustainable development and human rights.

The North-West University is conducting one of these case studies, namely "Case Study 12: Ethical Trade Initiatives in the South African Wine Industry". The main aim of this case study is to assess the effectiveness of these initiatives in improving labour conditions and human rights.

For more information on the project please check: https://sustainable-agri-trade.eu/

Aim of this survey: *Based on an extensive review of previous literature and reports, this survey seeks to validate, and elaborate on, the findings of the desktop study with stakeholders in the South African wine sector.*

The survey consists of four sections and will take approximately 15-20 minutes to complete.

Ethical considerations and informed consent:

- *Participation in this survey is anonymous and no personal information is collected.*
- *There is no financial gain for the researcher, or any party involved. Participating in the questionnaire does not involve any costs.*
- *Participation is voluntary and respondents can withdraw at any time.*
- *The information gathered in this survey will be treated confidentially and will not be shared with third-parties.*
- *The results of this survey will be analysed and discussed at an aggregate level and published in a research report which is publicly available.*
- *The results of this survey may be used for academic publications.*
- *All responses will be stored for a maximum of three years in a secure environment. Only the researcher will have access to the data.*
- *A copy of the final report is available upon request.*
- *This study is classified by the Economic and Management Sciences Research Ethics Committee of the North-West University as having minimal ethical risk (ethical approval reference number: NWU-00665-24-A4)*

1. I understand and agree with the above and would like to participate in the study.

Contact: *If you have any questions or are interested in receiving a final copy of the case study report, do not hesitate to contact me.*

Dr Ernst Idsardi
School for Economic Sciences / Program: Agricultural Economics
North-West University
ernst.idsardi@nwu.ac.za

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement no.: 101000751.

Section A: General information:

2. Please select the type of organisation:

- *Wine grape producer / vineyard*
- *Cooperative cellar*
- *Private cellar*
- *Producer / cellar*
- *Bottler*
- *Standard setting body*
- *Civil Society Organisation / Non -Governmental Organisation*
- *Labour union*
- *Producer / industry organisation*
- *Worker representative*
- *Temporary labour services*
- *Government*
- *Exporter*
- *Other:*______________

3. If your organisation is involved in the production of wine grapes and / or wine; please indicate the size of your organisation in terms of number of total permanent staff____________

Section B – Industry context:

4. The South African wine export value chain to the EU market involves many actors which all interact with each other within a specific power-balance. Please rank the following value chain actors according to their relative level of influence in the value chain from large to small:

- *Input suppliers*
- *Wine grape producers*
- *Cellar / bottler*
- *Distributor / logistics*
- *Exporters*
- *Importers*
- *Retailers*

5. Have social standards schemes contributed to better trust relationships and cooperation between the different actors within the wine export value chain over the last 20 years?

- *Yes*
- *No*
- *I do not know*

6. Please explain your answer in the previous question if you would like to do so:

7. Industry data shows a more or less horizontal trend in local wine production, stagnant exports, as well as limited profitability over the last decade. In your opinion, what will be the impact of these trends on employment in the sector over the next decade?

- *Employment will remain the same*
- *Employment may decrease slightly (1 to 5 percent)*
- *Employment may decrease moderately (5 to 20 percent)*
- *Employment may decrease significantly (more than 20 percent)*
- *The sector will turn around and employment will increase slightly (1 to 5 percent)*
- *The sector will turn around and employment will increase moderately (5 to 20 percent)*
- *The sector will turn around and employment will increase significantly (more than 20 percent)*
- *I do not know*

8. Do you agree with the following statement: *The price pressure from overseas retailers combined with increasing input costs have made it difficult to recover the costs incurred to comply with social standard schemes.*
- o *Yes*
- o *No*
- o *I do not know*

9. Please explain your answer in the previous question if you would like to do so:

10. Trade data shows that South Africa ranks sixth in the EU, among other wine exporters, in terms of its average price for wine. Does the "value-for money" perception in the EU market limit the ability to fetch a premium price for South African wine that complies with (environmental and social) sustainability standards?
- o *I do not agree*
- o *I agree*
- o *I do not know*

11. Please explain your answer in the previous question if you would like to do so:

12. Trade data shows that the share of the EU and UK in South Africa's total wine exports has been decreasing since 2008. On the other hand, wine exports to the African and the US markets have gained more importance. Has this shifting trade pattern also led to a shift in the importance and / or type of social standards?
- o *No*
- o *Yes*
- o *I am not sure*

13. Please explain your answer in the previous question if you would like to do so:

14. South African wine exporters need to comply with a total of 25 mandatory Non-Tariff Measures (NTMs) when exporting wine to the EU. These NTMs range from labelling to testing requirements. Compared to voluntary environmental and social sustainability standards (such as WIETA, Global GAP, Fairtrade), are these NTM's easier or more difficult to comply with?
- o *1. Much easier*
- o *2. Somewhat easier*
- o *3. The same*
- o *4. Somewhat more difficult*
- o *5. Much more difficult*
- o *I do not know*

15. Please explain your answer in the previous question if you would like to do so:

16. How would you generally rate the labour conditions (e.g. remuneration, working time, occupational health and safety, training, freedom of association, community development) in the wine sector?
- o *Most labour conditions are adequately addressed.*
- o *Some conditions are adequately addressed, and some conditions are not.*
- o *Most labour conditions are not adequately addressed.*
- o *I do not know*

17. Has there been an improvement in the labour conditions in the wine sector over the last 20 years?
- o *1. Yes, there has been much improvement.*
- o *2. Yes, there have been some improvements.*
- o *3. The labour conditions have remained the same.*
- o *4. No, the labour conditions have worsened somewhat.*
- o *5. No, the labour conditions have become much worse.*
- o *I do not know*

Section C - Policy context and previous research:

18. In the Global Competitiveness Report, South Africa scores relatively poorly (139th out of 141 countries) on labour-employer relations. How would you rate this relationship in the South African wine sector?
- o *1. Very good*
- o *2. Good*
- o *3. Poor*
- o *4. Very poor*
- o *I do not know*

19. Please explain your answer in the previous question if you would like to do so:

20. The wine sector has undergone significant changes since 1994 in terms of market deregulation, globalisation, and labour legislation (amongst others). Previous studies have identified casualisation, externalisation and migrant labour as the main farm labour strategies to mitigate these changes.
Casualisation: the process where farm workers who were previously employed on a permanent basis, are re-employed, or replaced on part-time or fixed term contracts (such as seasonal contracts).

Externalisation: the process where farm workers are no longer employed directly by the farmer, but instead employed via an intermediary (such as a labour-broker) that is contracted by the farmer.
Migrant labour: increased use of seasonal migrant workers as farmers argue that they are unable to find willing and reliable local farm workers.
Could you please rank these three strategies according to the greatest impact on labour in the wine sector?

- *Casualisation*
- *Externalisation*
- *Migrant labour*

21. Previous studies have highlighted the difference between the minimum wage and the living wage in the local agricultural sector. Depending on the calculation method used, the minimum wage should increase between 32 and 48 percent in order to close this gap.
In your opinion, is a living wage for the lowest paid workers feasible for the South African wine sector?

- o *Yes, in the short-term (<5years)*
- o *Yes, in the long-term (<10 years)*
- o *No*

22. Please explain your answer in the previous question if you would like to do so:

23. South Africa has a number of local policies that govern labour relations and conditions, and which are of relevance for the South African wine sector. *(please scroll to the right to see all answer options)*

a. Please rate the level of difficulty to comply with these mandatory labour policies compared to voluntary social standards schemes on a scale from 1 to 5 where:
1 = it is much easier / 5 = it is much more difficult to comply with local legislation than with social standard schemes.
I do not know

b. Please rate the level of enforcement of these mandatory labour policies compared to the auditing process of voluntary social standards schemes on a scale from 1 to 5 where:
1 = the enforcement of local legislation is much less stringent than for social standards schemes. / 5 = the enforcement of local legislation is much more stringent than for social standards schemes.
I do not know

24. Some previous studies note that local socio-economic policies that aim to advance transformation, equity, and ownership in the agricultural sector (e.g. BEE, land reform) are not covered in social standards schemes. Do you think the different social standards schemes in the

South African wine sector (e.g. WIETA, Fairtrade, SIZA) should be aligned with these specific policies?

- *Yes*
- *No*
- *I am not sure*

25. Please explain your answer in the previous question if you would like to do so:

26. The following statements were taken from earlier academic research on social standards schemes in the South African wine sector. Please indicate if you agree or disagree with these statements / findings. (*please scroll to the right to see all answer options)*

a. *The "globalisation of ethics" implies a North-driven setting of social standards re-enforcing the traditional and uneven North-South power relations in the wine export supply chain.*
b. *Worker equity schemes have produced mixed results in terms of commercial success, social benefits, and empowerment outcomes.*
c. *The leveraging of private codes by workers depends not only on their knowledge and capacity but also on effective vertical and horizontal governance of the value chain by lead firms and the state.*
d. *The inclusion of commercial farmers within Fairtrade certification may create a top-down form of social upgrading, locking farmworkers into marginally improved conditions.*
e. *Most wine producers perceive the compliance with social standards as a "must have" for exporting wine to the EU. However, relatively high upfront compliance costs with, often multiple, standards are not offset by improved market access and higher prices resulting in pressure on profitability.*
f. *Lower profitability has resulted in many wine farmers moving to other crops and many cellars being bought by foreign capital.*
g. *South-driven sustainability initiatives have not been able to soften the requirements of North-driven sustainability standards.*
h. *Vertical top-down social standard initiatives, instigated by global retailers, rarely focus on ownership and equity transformation.*

- *I do not agree*
- *I agree*
- *I do not know*

27. Please explain any of your answers in the previous question if you would like to do so:

28. The following statements were taken from various <u>NGO reports</u> on labour conditions and social standards schemes in the South African wine sector. Please indicate if you agree or disagree with these statements / findings.

a. *Farm owners are increasingly outsourcing work to labour brokers. These brokers hire casual workers, making it difficult for them to secure permanent contracts. This leads to tensions among different work-seeking groups (between local and migrant workers).*
b. *Freedom of association is still a major labour issue on wine farms.*
c. *Workers find it difficult to trust auditors, as they are seen as too close to management. Workers report that management picks out the workers the auditors should talk to and the worker houses that they may visit.*
d. *Numerous studies have shown that social audits are often inadequate to identify certain abuses.*
e. *The annual cost of compliance with social standards is estimated to be up to 30 percent of turn-over with the largest component being wages, followed by management time spent on compliance. Capital expenditure on housing is a rather small cost component.*
f. *Women and migrant workers are among the most marginalised farmworkers.*
g. *Supermarket chains in the EU should compensate South African wine farms for incurring costs to comply with social standards.*

- *I do not agree*
- *I agree*
- *I do not know*

29. Please explain any of your answers in the previous question if you would like to do so:

Section D – Social standard schemes in the South African wine sector

This section focusses on the SIZA, WIETA and Fairtrade standards.

30. Do you agree with the following statement? "*Voluntary social standards schemes will create a <u>divide between</u> certified and compliant exporting farms with improved labour conditions <u>and</u> non-certified farms with inferior labour conditions*".

- *Yes*
- *No*
- *I do not know*

31. If you agree, how should this divide be mitigated?

32. Have the <u>codes and requirements</u> of the difference socials standards in the wine sector <u>changed</u> significantly <u>over the last 20 years?</u>

- *Yes*
- *No*
- *I do not know*

33. Please explain your answer in the previous question

34. In your opinion, what is the degree of overlap between the requirements of the different social standards schemes in the South African wine sector?
   - *The requirements are <u>very different</u>*
   - *The requirements are <u>somewhat different</u>*
   - *The requirements are <u>very similar</u>*
   - *I do not know*

35. Please explain your answer in the previous question if you would like to do so:

36. In your opinion, has the <u>burden of multiple certifications</u> for social standards increased over the last 10 years or has it been <u>reduced</u> through increased <u>harmonisation / recognition / bench-marking</u> initiatives?

- *It has <u>increased</u>*
- *It has <u>remained the same</u>*
- *It has <u>reduced</u>*
- *I do not know*

37. Please explain your answer in the previous question if you would like to do so:

38. To what degree have social standards schemes made an <u>impact</u> on the following dimensions of labour conditions in the South African wine sector over the last 20 years? (please scroll to the right to see all answer options)

Dimension	***Positive impact***	***Some-what positive impact***	***No im-pact***	***Not an issue***	***I do not know***
Management system to ensure compliance with labour standards					
Forced labour					
No child labour or young workers					
Freedom of association / worker representation					
Worker involvement in decision-making					
Collective bargaining					
No discrimination, harassment, or abuse					
Occupational health and safety					
Working hours					
Remuneration (wages) and benefits					
Terms of employment					
Housing and tenure security					
Childcare and schooling					
Training and education opportunities for workers					
Striving towards a living wage					

39. In your opinion, what are the three most persistent labour issues in the South African wine sector?

40. Most social standards schemes do not make generalised and periodic data on compliance, risks, and audits publicly available on their website. Does this limit the transparency of these schemes?
- *Yes*
- *No*
- *I do not know*

41. Please explain your answer in the previous question if you would like to do so:

42. Farm profitability in the South African wine sector is under pressure. Have social standards schemes played a mitigating role, either directly or indirectly? Please select one or more of the following options.
- *Yes, higher prices were realised.*
- *Yes, workers are more productive.*
- *Yes, labour practices and processes have become more efficient.*
- *No, due to high upfront investment and compliance costs.*
- *Yes, labour has been replaced with capital (increased mechanisation).*
- *No, due to high audit costs.*
- *Yes, sales have increased.*
- *Other, please specify:*
- *I do not know*

43. How important are financial incentives like price premiums and price floors for the success of social standards schemes?
- *1. Very important*
- *2. Somewhat important*
- *3. Not important*
- *I do not know*

44. Please explain your answer in the previous question if you would like to do so:

45. Have social standard schemes increased the number of markets for South African wine?
- *Yes*
- *No*
- *I do not know*

46. Please explain your answer in the previous question if you would like to do so:

47. Most of the farm audits that verify the level of compliance with a standards scheme are completed successfully. Please select one or more explanations:
- *This is a sign of the success of the scheme.*
- *This is an indication that the already more "socially progressive" farms are members of the scheme.*
- *This suggests a flawed audit process.*
- *Other, namely….*

48. Findings from earlier research suggests that, on wine farms that are a member of a social standards scheme, the material wealth and social conditions improved more for permanent workers than for seasonal workers. Do you agree?
- *Yes*
- *No*
- *I do not know*

49. Please explain your answer in the previous question if you would like to do so:

50. Findings from earlier research suggests that, on wine farms that are a member of a social standards scheme, the female workers are worse off than male workers with regards to material wealth. However, in terms of social well-being the female workers are better off. Do you agree?
- *Yes*
- *No*
- *I do not know*

51. Please explain your answer in the previous question if you would like to do so:

52. Findings from previous research suggests that the highest level of compliance with standards schemes are for requirements that are directly aligned to local legislation. Do you agree?
- Yes
- No
- I do not know

53. Please explain your answer in the previous question if you would like to do so:

54. The cost of compliance for social standards schemes is often mentioned as an inhibiting factor, especially for farmers with limited resources. Should other value chain partners contribute to these costs? Please select none, one or more value chain actors:

- *Government*
- *Overseas retailers*
- *Local retailers*
- *Cooperative cellars*
- *Exporters*
- *Importers*
- *Standard setting bodies*
- *Producer / industry organisations*
- *NGO's / Development agencies*
- *Other, namely*
- *None of the above*

55. Please explain your answer in the previous question if you would like to do so:

56. In your opinion, what is the level of awareness and knowledge of social standards amongst wine consumers in the EU? Please rate this on a scale from 1 to 5.

- *1. None*
- *2. Limited*
- *3. Good*
- *4. Very good*
- *I do not know*

57. Please explain your answer in the previous question if you would like to do so:

58. Not all of the social standards schemes issue a consumer label to certify wine and communicate compliance to the market. In your opinion what is the importance of these consumer labels for the success of social standards schemes?

- *1. Very important*
- *2. Somewhat important*
- *3. Not important*
- *I do not know*

59. Please explain your answer in the previous question if you would like to do so:

60. Is there anything else related to the scope of this survey that you would like to add?

-End-